

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA, 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

October 12, 2004

- 1) **ROLL CALL:** President Muller called the meeting to order at 7:30 p.m. Present at roll call were Directors Jim Larimer, Everett Ascher, Ken Coverdell and Chris Mickelsen.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Judy Nosecci, Superintendent of Operations; Amanda Cox, Water Conservation Coordinator, JoAnne Whelen, Administrative Assistant/Recording Secretary; and Bridget Burns, Office Specialist. Members in the audience included Dean Peterson of the San Mateo County Health Department, Paul Nagengast with the City of Half Moon Bay and Leonard Woren.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** There were no announcements made by the public at this time.

4) **CONSENT CALENDAR**

- A. **Requesting the Board to review disbursements for the month ending September 30, 2004 – Claims: \$645,267.08; Payroll: \$49,862.69 for a total of \$695,129.77**
- B. **Acceptance of Financial Reports**
- C. **Monthly Water Transfer Report**

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted to accept the Consent Calendar in it's entirety by roll call vote as follows:

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

5) WATER CONSERVATION COORDINATOR'S REPORT

Amanda Cox, Coastside County Water District's Water Conservation Coordinator presented her oral progress report on the recent water conservation projects and events. Ms. Cox explained her plans for the water conservation booth at the Pumpkin Festival and extended her appreciation to Farmer John for his donation of miniature pumpkins to serve as prizes for the games she had planned. Ms. Cox also announced the free products that have arrived for distribution to the district's customers, which include low-flow showerheads and faucet aerators. She reported to the Board that she had recently passed the irrigation auditors test and will be developing a program to provide free irrigation audits to the district's large customers and would be marketing that program within the next few weeks. Ms. Cox concluded her report by describing some information packets she had developed for distribution by the field and maintenance crew when they encounter leaks and problems in the field, which will provide customers with helpful information and contact data for follow-up correction and prevention.

Ms. Cox addressed a few questions from the Board and elaborated on the plans for the new irrigation evaluation program, which will include the catch-can test and a full report with the results and recommendations which would be provided to the district's customers, free-of-charge.

6) REPORT OF THE GENERAL MANAGER

A. Demonstration of security camera operations at the Nunes Water Treatment Plant

The General Manager explained that the demonstration of the security camera operations at the Nunes Water Treatment Plant would not be taking place this evening due some installation difficulties experienced by the consultant while trying to establish a night-time viewing of the cameras. He further reported that he did not plan to place this on a future agenda at this time but invited the Board to stop by the district office to view the camera operation during the daytime. The General Manager also announced that the security fencing was in the works as well.

B. Presentation by Dean Peterson, San Mateo County Department of Environmental Health, regarding the status of coastside drinking water wells

The General Manager reported that he had invited Mr. Peterson to speak at the Board meeting after seeing his effective presentation the previous week at the City of Half Moon Bay's Council meeting. Mr. Peterson explained that several months ago, a local resident living in the Miramar area, notified him

that their drinking water well had tested high for nitrates. The incident prompted his office to access and identify other wells in the neighborhood and they reported that out of the six wells tested in that area, three of the wells tested were at nitrate levels ABOVE the drinking water standards. Two of the wells tested to a level NEAR the drinking water standard for nitrates. Mr. Peterson then provided a brief overview of the potential health effects that can be caused by elevated levels of nitrates. He discussed well treatment for this condition, but stated that his office does not view treatment as an option for these nitrate affected wells and expressed his desire to coordinate well hook-ups between Coastside County Water District, the City of Half Moon Bay and San Mateo County to identify a solution to this situation.

Mr. Peterson reported that currently within the City of Half Moon Bay there are two “emergency” connections available and now, four know “failed wells” and stressed the need for both a short-term and a long-term solution. Mr. Peterson also stated that San Mateo County supports the idea of having one water district handling the needs of the citizens of the coastside. He announced that their groundwater study in the urban mid-coast area is approximately 50% complete and feels that groundwater management will be an important need, but not very feasible to develop groundwater management plans given the three agencies involved, one being San Mateo County, the permitting agency.

Mr. Peterson then answered questions from the Board and a discussion ensued regarding the situation, and the possibilities of obtaining additional connections to be used for this purpose, and how the priority and non-priority connection designations were originally determined. The General Manager addressed these issues by providing a brief history, and referenced the designations contained in the San Mateo County Local Coastal Plan. Mr. Condotti also offered his analysis of the City and County’s Local Coastal Plans and explained the District’s constraints by the conditions attached to the coastal development permit for the Crystal Springs Project and indicated that no action could be taken unilaterally without some type of action being taken by the City of Half Moon Bay and the County of San Mateo. At this point, President Muller invited Paul Nagengast, Public Works Director / City Engineer for the City of Half Moon Bay to speak.

Paul Nagengast, City of Half Moon Bay addressed the Board and stated that he would report back to the Half Moon Bay City Council that Coastside County Water District is interested in cooperating and working together with the City to arrive at a solution on this issue and that the City Council has expressed an interest in resolving this problem situation as well.

Leonard Woren, El Granada Mr. Woren stated that he believes that there are currently approximately 450 domestic wells located in the El Granada and Miramar areas of CCWD and that he is opposed to any reallocation from San Mateo County to the City of Half Moon Bay, as he believes that there is approximately five times the number of wells in the unincorporated area as there are in the City. He also indicated that he felt this situation warranted the agendizing of a more formal discussion to resolve this problem. Mr. Woren also urged the Board to change the policies to prohibit private party transfers, only allowing sales of uninstalled water connections to be sold back to the district at an adjusted cost and that all of these additional connections then only be reserved to replace the use of domestic wells for residences.

Director Larimer addressed a few of the points express by Leonard Woren, followed by questions from Director Ascher about how such a policy, suggested by Mr. Woren could work. Mr. Condotti provided an outline of how the policy could work, but indicated that due to a provision contained in the original Crystal Springs purchase agreements, a new policy would not be applicable to transfers of properties owned by the same party.

Director Mickelsen then stated that he was very surprised that the local sewer board does not entertain the use of tertiary water. He noted that he recently observed a 4,500-gallon water truck hooked up to a hydrant and learned from the truck driver that potable water is being taken from the district's hydrant and is being used for the purpose of dust control at the local landfill site. Director Mickelsen pointed out that one truck load of water is equivalent to serving fifteen homes with water and reported that he learned that on some days, four round trip loads of this water is taken from the hydrants, emphasizing that this could serve sixty homes per day with drinking water, instead of being used for dust control at a landfill site. Mr. Mickelsen also stated that hundreds of equivalent capacity connections needed to be available to eliminate the residential well use and that it was imperative that the district have the cooperation of the City Council with regard to exploring alternative water sources and the Sewer Authority Mid-Coastside in exploring the use of tertiary water in order to accomplish this goal and arrive at some real solutions. He also stressed the importance of water conservation and reclamation, due to the fact that there is no guarantee that additional water will be provided by the San Francisco Public Utilities Commission when the district's contract is renegotiated for the period of 2009 through 2034.

President Muller stated that further discussion in regards to Director Mickelsen's comments and observations would take place at another time. President Muller then concluded the discussion of this item by stating that it was important to work together on a solution to the immediate problem of

the conditions of the few local wells and then build on a bigger solution to the overall issue. He then recommended, as part of the “larger picture” that possibly CCWD could be one of the hosting agencies for a water summit to be held perhaps in January.

Mr. Dean Peterson thanked the Board for their positive comments and for the opportunity to address the district Board and staff and reported that he felt confident that a short-term solution to address the current failed wells could be determined and felt that things were progressing in a positive manner as far as determining long-term solutions as well.

President Muller directed the General Manager to work with the City of Half Moon Bay and Mr. Peterson, once the total number of wells was established.

Director Ascher requested that President Muller appoint a sub-committee to work directly with a subcommittee of the City Council of Half Moon Bay and/or the City of Half Moon Bay Planning Department to analyze the options available and to develop long-term solutions to this state of affairs. He further suggested that President Muller direct legal counsel to present a clear picture of the district’s options, so that the Board and Staff would have a better idea what the district can and can’t do to try to resolve the local failed well issues. Mr. Condotti indicated that he would follow up with a legal analysis of the district’s options to address this issue.

President Muller thanked Dean Peterson and Paul Nagengast for their interest and participation in the discussion.

C. Status Report on major Capital Improvement Projects

The General Manager referenced his staff report, providing a status update on the district’s current capital improvement projects and offered to answer any questions from the Board.

B. Resolution 2004-20 in support of Proposition 1A Constitutional Amendment to prevent the State Legislation from taking and using local government funds

The General Manager summarized this item, which was discussed at the September Board meeting and presented Resolution 2004-20 to the Board for adoption.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted to adopt Resolution 2004-20 supporting Proposition 1A by roll call vote as follows:

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

C. General Manager Activities

There were no questions or comments on this agenda item.

D. Correspondence

(1) Statement from Art Jensen, General Manager of the Bay Area Water Supply and Conservation District (BAWSCA) regarding City and County of San Francisco's Capital Improvement Program (CIP) Status Report and Update – September 28, 2004 (2) Letter to Montara Water & Sanitary District from CCWD dated September 28, 2004.

The General Manager summarized the referenced correspondence for the Board. A brief discussion ensued regarding the letter to the Montara Water & Sanitary District and President Muller directed staff to schedule a meeting of the CCWD / Montara Water & Sanitary District Mutual Interest Committee for sometime in November.

7) ATTORNEY'S REPORT

A. Resolution 2004-21 Authorizing a Correction to the Amendment to Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors of Coastside County Water District

Mr. Condotti explained the need and purpose of this resolution, emphasizing that at the time the amendment was approved, the Legislature was considering a change that would have made the 2.5% at 55 formula applicable to "inactive" employees who had not yet retired as of the effective date of the amendment (employees who had not yet retired but were no longer employed by the district), in addition to active employees. He further explained that CalPERS was recommending that the contract be amended to clarify that the 2.5% at 55 formula applies only to employees who were employed by the District on or after the

effective date of the amendment, so that the amendment makes the contract consistent with state law.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted to adopt Resolution 2004-21 authorizing a correction to the amendment to contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors of the Coastside County Water District by roll call vote as follows:

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

B. Amendment to General Manager Employment Agreement

Mr. Condotti introduced Item 7B and reiterated that the Board had approved a compensation adjustment for the General Manager at the September Board meeting and explained that this amendment simply formalized the process of the merit-based annual performance evaluation and adjustment.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted to adopt the proposed Amendment to Employment Agreement Between the Coastside County Water District and Ed Schmidt (General Manager) by roll call vote as follows:

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

8) ENGINEER'S REPORT

A. Engineering Projects Received in September 2004

Mr. Teter reported that there had been no new projects received during the month of September, 2004.

B. District Engineer Work Status Report

Mr. Teter stated that there has been some progress on projects, as reported in

his written staff report and announced that all of the projects that he is currently involved with are on schedule and under control. Director Larimer referenced the earlier discussions regarding the water connection designations and allotments, etc. in connection with the Crystal Springs pipeline project. and inquired from Mr. Teter about his recollection of that initial process. Mr. Teter provided a brief history of the subject and replied that he had been the one responsible for completing the application for the Crystal Springs Pipeline Project and he had prepared the arithmetic for the priority and non-priority connections, based on complying with the criteria contained in table 2.17 in the San Mateo County Local Coastal Plan, designating the specified categories contained in that plan.

9) OPERATIONS REPORT

- A. Water Service Connections Installed, Priority and Non-Priority**
- B. Capital Improvement Program Progress**
- C. Total CCWD Production, Sales by Category, Monthly Leak Report, Rainfall Reports**
- D. San Francisco Public Utilities Commission Hydrological Conditions Report for August 2004**

Superintendent of Operations, Judy Nosecchi referred to the Operations Reports contained in the Board packet and invited any questions from the Board. There was a brief discussion on the Total CCWD Production (MG) All Sources report.

10) MEETINGS ATTENDED/SCHEDULED – BOARD OF DIRECTORS

Director Mickelsen reported that the first Contract Initiation Advisory Ad-Hoc Committee meeting had taken place and that the meetings would be beneficial to prepare for the future meeting with the San Francisco Public Utilities Commission.

Director Ascher reported that he and the General Manager would be attending a Special District Institute Finance Seminar the following week in the Tahoe area. He also reported that with the completion of this seminar session, he would be obtaining a certification in Special District Governance.

President Muller then announced that there were some conflicts with the Director's schedules in connection with the date of the regular November Board of Directors meeting on November 9, 2004 and requested that it be rescheduled for Tuesday, November 16, 2004.

ON MOTION by Director Ascher and seconded by Director Larimer, the Board voted unanimously to reschedule the regular November meeting of the Coastside County Water District Board of Directors from Tuesday, November 9, to Tuesday, November 16, 2004:

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

12) ADJOURN

The meeting was adjourned at 9:15 p.m. The next scheduled meeting of the Board of Directors will be held on Tuesday, November 16, 2004 at 7:30 p.m.

Respectfully submitted,

Ed Schmidt, General Manager

Accepted and Approved:

John Muller, President