

**COASTSIDE COUNTY WATER DISTRICT**

**766 MAIN STREET**

**HALF MOON BAY, CA 94019**

**MINUTES OF THE BOARD OF DIRECTORS MEETING**

**Tuesday, December 11, 2012**

- 1) **ROLL CALL:** President Chris Mickelsen called the meeting to order at 7:00 p.m. Present at roll call: Director Ken Coverdell, Vice-President Glenn Reynolds, Directors Bryan Hannegan and Bob Feldman.

Also present were: David Dickson, General Manager; Joe Guistino, Superintendent of Operations, Patrick Miyaki, Legal Counsel; Cathleen Brennan, 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) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending November 30, 2012:  
Claims: \$1,109,833.75; Payroll: \$67,447.04 for a total of \$1,177,280.79
- B. Acceptance of Financial Reports
- C. Approval of Minutes of November 13, 2012 Special Board Meeting
- D. Approval of Minutes of November 13, 2012 Board of Directors Meeting
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. November 2012 Leak Report
- I. Rainfall Reports
- J. San Francisco Public Utilities Commission Hydrological Report for November 2012

Upon Board discussion, Items 4A and 4B were pulled from the Consent Calendar for further evaluation. Director Hannegan was provided with a copy of the petty cash receipts and the credit card statements for review, and it was agreed by the Board that these two agenda items would be revisited later in the meeting.

**ON MOTION BY Director Coverdell and seconded by Vice-President Reynolds, the Board voted as follows, by roll call vote, to accept and approve the Consent Calendar with the exception of item 4A - Approval of Disbursements for the month ending November 30, 2012 and item 4B - Acceptance of Financial Reports:**

<b>Director Coverdell</b>	<b>Aye</b>
<b>Vice-President Reynolds</b>	<b>Aye</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

#### **5) MEETINGS ATTENDED / DIRECTOR COMMENTS**

Director Feldman reported on the two Water Resources Committee meetings that he had attended along with President Mickelsen, which pertained to the Pilarcitos Creek Restoration Workgroup.

Vice-President Reynolds advised that he had attended a Federal, State and County Interagency meeting, advising that he learned that there may be new funds available from the Environmental Protection Agency (EPA) for small utilities.

Director Coverdell shared news from the Bay Area Water Supply & Conservation Agency (BAWSCA) regarding the progress of the recent bond issuance to prepay the capital debt owed to San Francisco.

Director Hannegan reported that he had attended the recent Total Energy USA Conference in Houston, Texas, and participated in an excellent presentation by the staff from the East Bay Municipal Utilities District (EBMUD) on their energy recovery activities.

President Mickelsen briefly summarized some of his accomplishments during the three plus terms that he has served as Board President and also stressed the importance of the President's role to the District and its rate-payers.

Director Coverdell added that he had also attended a recent local agricultural related workshop, attended by Supervisor Don Horsley, and provided a few highlights of the topics discussed at the meeting.

**6) GENERAL BUSINESS**

**A. Election of Board President and Vice-President**

President Mickelsen opened discussion of this item at 7:18 p.m. Director Feldman nominated Director Coverdell to serve the next term as Board President, which was seconded by President Mickelsen. Director Coverdell accepted the nomination and President Mickelsen closed the nomination period at 7:22 p.m.

**ON MOTION BY Director Feldman and seconded by President Mickelsen, the Board voted as follows, by roll call vote, for Director Coverdell to serve as CCWD Board President for the 2012/2013 term:**

<b>Director Coverdell</b>	<b>Abstain</b>
<b>Vice-President Reynolds</b>	<b>Aye</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

At 7:22 p.m. President Mickelsen opened the nomination period for the position of Vice-President by nominating Director Feldman. Director Feldman respectfully declined and nominated Director Glenn Reynolds to serve the 2012/2013 term as the Board's Vice-President, which was seconded by Director Coverdell. The nomination period was closed at 7:23 p.m.

**ON MOTION BY Director Coverdell and seconded by Director Feldman, the Board voted as follows, by roll call vote, for Director Glenn Reynolds to serve as Vice-President of the CCWD Board of Directors for the 2012/2013 term:**

<b>Director Coverdell</b>	<b>Aye</b>
<b>Vice-President Reynolds</b>	<b>Abstain</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

Director Coverdell stated that it has been an honor for the District to have President Mickelsen serve as President and credited his efforts, along with those of General Manager, David Dickson, and Patrick Miyaki, Legal Counsel, in negotiating and securing the discounted price for untreated water purchased by the District from the San Francisco Public Utilities Commission. He added that he would be honored to have President Mickelsen continue to preside over this December Board meeting, and he looked forward to starting his term as Board President at the January 2013 Board of Directors meeting.

**B. Coastside County Water District Basic Financial Statements and Independent Auditors Report for the Fiscal Year Ended June 30, 2012:**

Mr. Dickson informed the Board that the District's Finance Committee members have previously had an opportunity to preview the basic financial statements. He then introduced Mr. Joseph J. Arch, CPA, the District's Independent Auditor.

Mr. Arch explained the two separate opinions contained in the audit report, the first one being the financial statement audit opinion, which is unqualified, meaning that the numbers in the financial statements are materially correct. He explained that the second opinion is related to the internal controls, which includes the policies and procedures utilized by the District. He advised that these internal controls have been thoroughly tested and evaluated as part of the audit, and have demonstrated no weaknesses or deficiencies. Mr. Arch concluded his presentation by answering a few questions from the Board members.

**ON MOTION BY Director Hannegan and seconded by Director Feldman, the Board voted as follows, by roll call vote, to approve the Basic Financial Statements for Fiscal year Ended June 30, 2012:**

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Mickelsen	Aye

**C. Approval of Budget Increase for Denniston Water Treatment Plant Improvements Construction Management Services Provided by Erler & Kalinowski, Inc. (EKI)**

Mr. Dickson explained that EKI provides construction management services for the Denniston Water Treatment Plant Improvements Project. He stated that, over the course of project construction, the efforts required of EKI have exceeded the scope originally proposed, primarily due to additional work required by the District. He reviewed details of the two previous change orders and noted that a project budget increase of \$20,000. is now being requested, which will bring the final cost of these services to \$446,000. He stated that staff believes this increase is reasonable and justified and is recommending Board approval.

Discussion ensued, with Mr. Dickson answering the Board's questions and concerns about the construction management budget and services.

**ON MOTION BY Vice-President Reynolds and seconded by Director Hannegan, the Board voted as follows, by roll call vote, to authorize staff to approve an increase in the time-and-materials budget for construction management services provided by Erler & Kalinowski, Inc. for the Denniston Water Treatment Plant Improvements Project, in an amount not to exceed \$20,000:**

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Mickelsen	Aye

**D. Memorandum of Understanding for the Continuation of the Pilarcitos Creek Restoration Workgroup to Implement the 2008 Pilarcitos Integrated Watershed Management Plan**

Ms. Brennan presented this agenda item, as an updated version of the Memorandum of Understanding (MOU) was being distributed to all. She provided the background, advising that the District has been an active participant in the Pilarcitos Creek Restoration Workgroup since 2007, when the original MOU was signed. Ms. Brennan provided information on the various locations where the Integrated Watershed Management Plan (Plan) can be viewed and proceeded to explain the purpose and the six key goals of the Plan. Additionally, she reviewed the associated projects for which the District is a lead or collaborating agency. She also answered the Board's questions on the progress of the Workgroup's activities, and the Plan. Directors Feldman and Mickelsen, both participants in the Workgroup, shared their views on the Plan, and the importance of the projects.

**ON MOTION BY Director Coverdell and seconded by Director Feldman, the Board voted as follows, by roll call vote, to authorize the General Manager to enter into an agreement with the Pilarcitos Creek Restoration Workgroup for the continuation of the Pilarcitos Creek Restoration Workgroup to implement the 2008 Pilarcitos Watershed Management Plan:**

<b>Director Coverdell</b>	<b>Aye</b>
<b>Vice-President Reynolds</b>	<b>Aye</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

At this point in the meeting, President Mickelsen announced that the Board would be revisiting the two items on the Consent Calendar, deferred from earlier in the meeting.

- 4)
  - A. Approval of disbursements for the month ending November 30, 2012:  
Claims: \$1,109,833.75; Payroll: \$67,447.04 for a total of \$1,177,280.79
  - B. Acceptance of Financial Reports

Mr. Dickson explained some details of the District's current financial reports, including some of the District's accounting methods, which utilize both the accrual basis and the cash basis during the fiscal year. Additionally he reported that water sales have increased, by approximately 9.4% above the amount budgeted. He also stated that there are some significant biases in some of the expense numbers in the reports, and attributed a portion of it to the SFPUC revenue meter, which was reading low by approximately 15 to 30% for a period of three months. He estimated this will lead to an adjustment from SFPUC in the order of approximately \$250,000.

Director Hannegan stated that the clarifications to the records that Mr. Dickson provided were very helpful. He reported that with those explanations and the opportunity during this meeting to thoroughly review the disbursements for the month of November, he was satisfied that all of the related financial reports are in order.

**ON MOTION BY Director Hannegan and seconded by President Mickelsen, the Board voted as follows, by roll call vote, to approve items 4A and 4B:**

<b>Director Coverdell</b>	<b>Aye</b>
<b>Vice-President Reynolds</b>	<b>Aye</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

## 7) GENERAL MANAGER'S REPORT

### 1.) **Stone Dam Pipeline Emergency Interim Replacement Project**

Mr. Dickson narrated a series of slides, illustrating the construction progress of the Stone Dam Pipeline Emergency Interim Replacement Project, stating that it was an excellent effort led by Distribution Supervisor, John Davis.

### 2.) **Denniston Project Startup**

Next, Mr. Dickson presented photographs of the Denniston Water Treatment Plant Improvements Project, updating the Board on the current developments in the project.

### 3.) **Avenue Cabrillo Pipeline Replacement Project**

Mr. Dickson presented construction photos and reported that Treatment/Distribution Operator, Jon Bruce, has invested numerous hours over the past several weeks in supervising this project and working with the contractor on this approximately \$420,000 pipeline replacement project.

#### A. **Operations Report**

Mr. Guistino and Mr. Dickson answered the Board's questions on recent Crystal Springs Communication failures, and some current issues with the configuration in the billing software associated with a few District customers' water meters.

#### B. **Water Resources Report**

Ms. Brennan brought the Board up to date on the water supply conditions tracked over the water year, beginning October 1<sup>st</sup> through September 30<sup>th</sup>.

**8) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS**

There were no comments or requests from Board members.

**9) ADJOURNMENT**

**ON MOTION by Director Hannegan and seconded by Vice-President Reynolds, the Board voted as follows, to adjourn the December 11, 2012 meeting of the Coastside County Water District's Board of Directors:**

<b>Director Coverdell</b>	<b>Aye</b>
<b>Vice-President Reynolds</b>	<b>Aye</b>
<b>Director Hannegan</b>	<b>Aye</b>
<b>Director Feldman</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

The meeting was adjourned at 8:46 p.m. The next meeting of the Coastside County Water District's Board of Directors will be on Tuesday, January 8, 2013.

Respectfully submitted,

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David R. Dickson, General Manager

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Ken Coverdell, President  
Board of Directors