

# **COASTSIDE COUNTY WATER DISTRICT**

**766 MAIN STREET**

**HALF MOON BAY, CA 94019**

## **MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS**

**Tuesday, May 10, 2016**

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

Also present: David Dickson, General Manager; Mary Rogren, Assistant General Manager; Patrick Miyaki, Legal Counsel, Joe Guistio, Superintendent of Operations, Cathleen Brennan, Water Resources Analyst, JoAnne Whelen, Administrative Assistant/Recording Secretary and Gina Brazil, Office Manager.

John Farnkopf, Senior Vice President and Richard Simonson, Vice President, with HF&H, the District's rate consultants, were also in attendance.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT** - There were no public comments.

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending April 30, 2016:  
Claims: \$741,590.18; Payroll: \$88,632.49 for a total of \$830,222.67
- B. Acceptance of Financial Reports
- C. Approval of Minutes of April 12, 2016 Regular Board of Directors Meeting
- D. Approval of Minutes of April 28, 2016 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 - March 2016
- I. Monthly Emergency Main and Service Repairs Report
- J. Rainfall Reports

President Glassberg reported that he had reviewed the monthly financial claims and found all to be in order.

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

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

**5) MEETINGS ATTENDED / DIRECTOR COMMENTS**

Vice-President Reynolds provided a brief report on each of the three meetings he had recently attended, the CA-NV American Water Works Association (AWWA), the WaterNow Alliance, and the Association of California Water Agencies (ACWA) Spring Conference.

President Glassberg reported that he had attended the recent San Mateo County Local Agency Formation Commission (LAFCo) meeting.

**6) GENERAL BUSINESS**

**A. Fiscal Year 2016/2017 to FY 2021/2022 Financing Plan and Proposed Water Rate Increase; Cost of Service Analysis**

Mr. Dickson introduced this agenda item as handouts were distributed. Ms. Rogren provided a brief background and reviewed the FY 2016/2017 to FY 2021/2022 Financing Plan. She reviewed the District's financing model, reserve assumptions, 2-year District cash flow, and budget risks. John Farnkopf, with HF&H, discussed reserve requirements, including a review of the common types of reserves, unrestricted reserve practices, operating reserves, capital reserves, emergency reserves and stabilization reserves, followed by an evaluation of the District's Operating and Capital Reserves. The District's financing plan model was utilized to evaluate the results of various proposed rate increases.

Mr. Miyaki summarized the key Proposition 218 requirements. He stated that an extensive effort was expended last year in evaluating and realigning the District's tiered rates in light of the San Juan Capistrano decision in order to comply with Proposition 218 as interpreted by the courts. Mr. Miyaki stated that HF&H staff had determined that the methodology used last year is still applicable today. He informed the Board that the team had reviewed the revenue requirements for this year and applied the same cost of service approach and determined that it was appropriate, from a legal and a financial perspective to apply the proposed rate increase across the board. Mr. Miyaki specified that the District's cost-based tiered rate structure is in compliance with Proposition 218 as it has been interpreted by the courts.

**B. Draft Fiscal Year 2016-2017 Operations Budget and Draft Fiscal Year 2016/17 to 2025/26 Capital Improvement Program**

President Glassberg noted that this budget item has been placed on the agenda once again to give the public, along with the Board another opportunity to review the District's proposed budget. Ms. Rogren pointed out that the expense budget for this fiscal year is \$30,000 less than it was for last fiscal year.

**C. Schedule a Public Hearing on Proposed Rate Increase and Authorize Issuance of a Notice of Public Hearing and Proposed Rate Increase**

President Glassberg introduced this item, noting that the draft budget presented reflects staff's recommendation of a proposed rate increase of 10%. Discussion ensued among the Board about the proposed rate increase. Mr. Miyaki summarized that the Board had spent a significant amount of time discussing the financial needs of the District and evaluating staff's recommendation of a proposed 10% rate increase and the Board has determined that a proposed rate increase up to 12% is needed to fund operational and capital improvement costs and to maintain a prudent level of reserves.

**ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted to schedule a Public Hearing on Proposed Rate Increase and Authorize Issuance of a Notice of Public Hearing with the Proposed Rate Increase not to exceed 12%:**

Director Coverdell	Aye
Director Mickelsen	Aye
Director Feldman	Absent
Vice-President Reynolds	Aye
President Glassberg	Aye

**D. Award of Contract - Phase 3b Avenue Cabrillo Pipeline Replacement Project**

Mr. Guistino provided a brief description of the project and explained that this is the final phase of an infrastructure replacement project that rehabilitates one of the most critical areas of the District's distribution system. He then answered several questions from the Board.

**ON MOTION BY Vice-President Reynolds and seconded by Director Mickelsen, the Board voted to authorize the General Manager to execute a contract with Andreini Brothers, Inc. for the Phase 3b Avenue Cabrillo Pipeline Replacement Project at a lump-sum cost of \$646,750:**

Director Coverdell	Aye
Director Mickelsen	Aye
Director Feldman	Absent
Vice-President Reynolds	Aye
President Glassberg	Aye

**E. Resolution Amending the Coastside County Water District Personnel Manual**

Ms. Rogren explained the revisions that need to be incorporated into the District's personnel manual, including requirements based on the California Public Employees Retirement System (CalPERS) audit, the incorporation of language to bring the District into compliance with the Fair Employment & Housing Act, compliance with new legislation requiring sick leave benefits for temporary workers, updating of holiday and vacation policies consistent with the terms of the Memorandum of Understanding with the Teamsters Union, and to clarify language regarding employee and retiree insurance coverages.

**ON MOTION BY Vice-President Reynolds and seconded by Director Coverdell the Board voted to adopt Resolution 2016-05 Amending the Coastside County Water District Personnel Manual:**

Director Coverdell	Aye
Director Mickelsen	Aye
Director Feldman	Absent
Vice-President Reynolds	Aye
President Glassberg	Aye

**F. Resolution Establishing Policies and Procedures for Partial Service Retirement**

Mr. Dickson summarized the background of this item, including the Board's authorization of an amendment to the District's contract with the California Public Employees Retirement System (CalPERS) on April 12, 2016 to add the benefit of partial service credit. He explained that CalPERS rules require that the District also establish policies and procedures related to partial service retirement and that the proposed resolution provides a basic framework that allows the flexibility needed to address the unique requirements of each instance of partial service retirement.

**ON MOTION BY Director Coverdell and seconded by Vice-President Reynolds, the Board voted to adopt Resolution 2016-06 Establishing Policies and Procedures for Partial Service Retirement:**

Director Coverdell	Aye
Director Mickelsen	Aye
Director Feldman	Absent
Vice-President Reynolds	Aye
President Glassberg	Aye

**7) MONTHLY INFORMATIONAL REPORTS**

**A. Assistant General Manager's Report – Change in Medical Insurance Offerings for District Employees**

Ms. Rogren reported that staff has initiated changes to the District's medical plan offerings which will result in a savings of approximately \$40,000 in Fiscal Year 2016-2017. She reviewed the District's current medical benefit plans and explained the features and benefits of new plan options. With District medical premium contributions capped at 2015 family rates, employees will now be able to choose a plan that requires no employee premium contribution, or select a plan with a higher level of benefits and a copayment.

**B. Operations Report**

Mr. Guistino reviewed monthly operations highlights, including the El Granada Pipeline Final Phase Project, and the District's Unidirectional Flushing Program that will take place in May and June.

**C. Water Resources Report**

Ms. Brennan noted that her report is already out-of-date, as the Governor had just issued a new executive order regarding mandatory water conservation requirements. She explained that it appears that some of the conservation measures will be made permanent and that other measures would be evaluated at the State Water Resources Control Board meeting on May 18, 2016. She advised that these new measures and regulations may require amendments to the District's Ordinances and new conservation standards.

President Glassberg emphasized the importance of public outreach to educate the District's customers once the new regulations are implemented.

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

Director Coverdell requested that the matter of possible standby charges for the District's uninstalled water service connections be placed on a future agenda.

**9) CLOSED SESSION**

**A. Pursuant to California Government Code Section §54957  
Public Employment**

Title: General Manager – Reduced Time Due to Partial Service Retirement

**B. Pursuant to California Government Code Section §54957.6  
Conference with Labor Negotiator**

Agency Designated Representative: Arnie Glassberg  
Unrepresented Employee: General Manager

Mr. Miyaki read the language of the Closed Session agenda items; staff members and others vacated the room and the Board entered into closed session discussions at 9:03 p.m. Mr. Miyaki and Mr. Dickson were also in attendance for agenda item 9A; Mr. Dickson left the room and was not present for discussion of Closed Session agenda item 9B.

**10) RECONVENE TO OPEN SESSION**

**A. Public report of closed session action** - The meeting was reconvened into open session at 9:24 p.m. and President Glassberg reported that no action had been taken by the Board in the Closed Session.

**B. Consideration of an Amendment to the Employment Agreement Between the Coastside County Water District and David Dickson (General Manager)**

President Glassberg stated that the Board reviewed the terms of the Second Amendment to the Employment Agreement between CCWD and David Dickson to implement the partial service retirement program that involved the General Manager working a part-time schedule and related modifications to terms and conditions of employment.

**ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted to approve the Second Amendment to the Employment Agreement Between the Coastside County Water District and David Dickson (General Manager):**

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

**11) ADJOURNMENT** - The meeting was adjourned at 9:25 p.m.

Respectfully submitted,

---

David R. Dickson, General Manager  
Secretary of the District

---

Glenn Reynolds, Vice-President  
Board of Directors