

**COASTSIDE COUNTY WATER DISTRICT**

**766 MAIN STREET**

**HALF MOON BAY, CA 94019**

**SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**Tuesday, June 7, 2011**

- 1) **ROLL CALL:** President Feldman called the meeting to order at 2:01 p.m. Present at roll call were: Directors Mickelsen and Feldman. Director Donovan was not present to participate in the Closed Session personnel related item, due to a conflict of interest. Director Coverdell arrived at 2:06 p.m.
  
- 2) **PUBLIC COMMENT:** Robert Gaskill, Superintendent - Cabrillo Unified School District - 498 Kelly Avenue, Half Moon Bay, CA - Stated that he will be out of town for Coastside County Water District's June 28, 2011 scheduled public hearing for consideration of a proposed rate increase, so wanted to take this opportunity to share his thoughts with the Board. Mr. Gaskill then read from a letter he had prepared and asked that the letter be accepted as a written letter of protest.
  
- 3) **CLOSED SESSION**
  - A. **Conference with Labor Negotiator**

Pursuant to California Government Code 54957.6 - Agency Designated Representatives: General Manager - Employee Organization: Teamsters Union, Local 856

The Closed Session convened at 2:08 p.m.
  
- 4) **RECONVENED TO OPEN SESSION**

The Open Session reconvened at 2:40 p.m., at which time Director Donovan joined the meeting and all Directors were present. President Feldman announced that no reportable action had been taken during the Closed Session.
  
- 5) **BUDGET WORKSHOP**
  - A. **Draft Fiscal Year 2011-2012 Budget and Draft Fiscal year 2011-2012 to 2020-2021 Capital Improvement Program**
  - B. **District Financing Plan Update**

Mr. Dickson stated that this workshop was being presented at the Board's request and would provide an opportunity to talk in further detail about the District's Financing Plan. He reminded the Board that the District's Financing Plan model was originally created and presented in Bartle Wells August 2009 report and had been updated during this Fiscal Year 2011-2012 budget process. He also explained that this year's Financing Plan is an important part of the District's submission of an application to the California Infrastructure and Economic Development Bank (I-Bank) for possible financing of the District's Denniston Water Treatment Plant Improvements Project. Mr. Dickson then introduced Mr. Reed Schmidt, Principal Consultant and Ms. Catherine Tseng, Financial Analyst, with Bartle Wells Associates.

Mr. Schmidt began the District's Financing Plan Update presentation by reviewing the District's current outstanding long-term debt, including details of the bonds associated with the 1998A Association of Bay Area Governments (ABAG) and the 2006B California Statewide Communities Development Authority Water Revenue Bonds. He then outlined the District's future projected operating costs, including the ten-year anticipated water purchase costs from San Francisco Public Utilities Commission. Mr. Schmidt proceeded to explain some potential financing methods, the I-Bank loan process and financing terms and answered questions from the Board members.

Following Mr. Schmidt's presentation, Mr. Dickson utilized the Financing Plan model and engaged the Board in exploring various rate increase options. Based on Bartle Wells' recommendation, Board Members suggested reducing the Fiscal Year 2012-2013 Rate Stabilization Reserve contribution from \$500,000 to \$250,000 and eliminating the Fiscal Year 2015-2016 Contribution to the Rate Stabilization Reserve. These changes, combined with an increase in the I-Bank loan amount, reduced the Fiscal Year 2011-2012 revenue requirement sufficiently to lower the required rate increase to 12%. There was general agreement that these changes should be incorporated into the Draft Budget and Financing Plan, and the Board directed staff to do so.

Mr. Dickson advised the Board that they will have another opportunity to review the Draft Fiscal Year 2011-2012 Budget and the District's Financing Plan at the next regular Board meeting on June 14, 2011, prior to the adoption of the budget and rate increase at the Public Hearing, scheduled for Tuesday, June 28, 2011.

## 6) **ADJOURNMENT**

The Special Meeting was adjourned at 3:44 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, June 14, 2011.

Respectfully submitted,

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David R. Dickson, General Manager

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Robert C. Feldman, President  
Board of Directors