

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL CLOSED SESSION

Tuesday, June 12, 2007

1) CLOSED SESSION

A. Conference with Real Property Negotiators (Cal. Govt. Code §54956.8(b)):

Property: Vacant land on north side of Magellan Ave opposite the terminus of The Crossways, in unincorporated San Mateo County (APN 048-021-130)

Property Owners: Helen Josephine Callan Carey, as to an undivided one-third (1/3) Interest; Robert E. and Helen J. Carey, Trustees of the Isabella Trust dated November 6, 2001, as to an undivided one-third (1/3) Interest and Philomena, LLC, as to an undivided one-third (1/3) Interest

Agency Negotiator: Legal Counsel

Negotiating Parties: District and Property Owners

Subject Matter: Potential purchase of temporary and/or permanent easement for construction of Phase 3 El Granada Pipeline Replacement Project

B. Public Employment

Public Employment Pursuant to Government Code Section 54957

Title: General Manager

2) RECONVENE TO OPEN SESSION

The Closed Session convened at 6:00 p.m. with President Larimer and Directors Ascher, Mickelsen, and Coverdell and Legal Counsel Condotti, and reconvened to open session at approximately 7:30 p.m.

President Larimer announced that no reportable action had been taken.

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

June 12, 2007

- 1) **ROLL CALL:** President Larimer called the meeting to order at 7:40 p.m. Present at roll call were Directors Ken Coverdell, Chris Mickelsen, and Everett Ascher. Director Feldman was absent.

Also present were; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Joe Guistino, Acting General Manager/Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; JoAnne Whelen, Administrative Assistant /Recording Secretary, and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE** - Everyone stood for the Pledge of Allegiance.

- 3) **PUBLIC ANNOUNCEMENTS**

Bob Ptacek - Montara - Spoke as a Board Member of the Association of California Water Agencies (ACWA), Region 5, and requested that the CCWD Board consider joining with ACWA members in supporting the Schwarzenegger Administration in the No Time to Waste: A Blueprint for California Water. He informed the Board that sample letters and a Resolution in support of the initiative are available on ACWA's website.

- 4) **CONSENT CALENDAR**

- A. Requesting the Board to review disbursements for the month ending May 31, 2007 - Claims: \$432,376.94 Payroll: \$72,273.77 for a total of \$504,650.71
- B. Acceptance of Financial Reports
- C. Minutes of the May 8, 2007 Board of Directors Meeting
- D. Monthly Water Transfer Report
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. May 2007 Leak Report
- I. Rainfall Reports

- J. San Francisco Public Utilities Commission Hydrological Conditions Report for May 2007
- K. Engineering Projects Received for Review during May 2007

Director Ascher inquired about the details of the leak that occurred on May 20, 2007 with an estimated water loss of 45,000 gallons of water. Mr. Guistino stated that he would have to research the details and background of the incident and would follow up and provide the information to the Board.

Director Mickelsen reported that he had reviewed the financial claims and found all to be in order.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows to accept the Consent Calendar in its entirety:

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

5) MEETINGS ATTENDED / SCHEDULED - BOARD OF DIRECTORS

- A. Some Committee reports will be provided in further detail for agenda items contained under the General Business Section of this agenda.

President Larimer stated that the Finance Committee would be reporting on the results of their Committee meeting, later on in the meeting, during the General Business Portion of the agenda, under items 9B and 9C.

- B. Meetings Attended

Director Mickelsen reported on his attendance at the May Bay Area Water Supply and Conservation Agency (BAWSCA) Board of Directors meeting.

- C. Discussion of July Board Meeting / vacation schedules

President Larimer explained that due to the summer vacation schedules of many of the Board members, it would be necessary to reschedule the regular July Board of Directors meeting.

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows to reschedule the regular July CCWD Board of Directors meeting from July 10, 2007 to 3:00 p.m. on Friday, July 20, 2007:

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

President Larimer announced that the Public Hearing for the proposed rate increase would still take place on Tuesday, July 10, 2007, and would be the only meeting agenda item. He also reiterated that the regular July Board meeting would be rescheduled for Friday, July 20, 2007, with the meeting to start at 3:00 p.m.

6) PUBLIC OUTREACH/PROGRAM DEVELOPMENT/WATER RESOURCES ANALYST'S REPORT

A. Monthly Report

Ms. Brennan referenced her written staff report, providing highlights of a few of the activities including the advertising of the Smart Rebates Program, meeting with the District's Operations staff for discussion of the Emergency Response Plan and the Urban Water Management Plan and reported that she learned at the recent Bay Area Water Supply and Conservation Agency (BAWSCA) Technical Advisory Committee meeting that the San Francisco Public Utilities Commission (SFPUC) will be using the figures from the year 2004 as a baseline for the ten percent voluntary reduction in water consumption.

Ms. Brennan also discussed the BAWSCA Landscape Gardening Guide that will soon be available to District customers. She also advised that several water saving devices, including aerators, shower heads and garden hose nozzles are available free of charge for District customers.

B. Implementation of Coastside County Water District's Water Shortage & Drought Contingency Plan

Ms. Brennan referenced her staff report for this item, noting that this is the third staff report recently presented to the Board, which has provided a review of the plan, discussion of the existing hydrological conditions and how they relate to the Advisory Stage (Stage 1) and recommended that the Board approve the implementation of the Plan at this time so that staff can proceed with the action items contained in the Advisory Stage. She briefly reviewed some of the required steps contained in the Advisory Stage, including increased public outreach, coordination with regional water suppliers, city, county, state and federal resources agencies, internal actions required by staff, and meetings with public officials, and indicated that there will be a fiscal impact with the implementation of the Plan.

Director Ascher requested that Ms. Brennan provide to the Board, an estimate of the anticipated expenses and associated costs with the Plan implementation at the July Board meeting.

ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted as follows to approve the implementation of the Water Shortage and Drought Contingency Plan:

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

C. Discussion, review, and possible acceptance of the Water Supply Evaluation Report for Calendar year 2006

Ms. Brennan referenced the draft report and requested input and suggestions from the Board. Director Ascher recommended that some of the tables be put in graph form, but that the original tables continue to be contained in the report as appendices, with an emphasis on five to ten years of data.

President Larimer agreed that consolidating some of the information into graphs would be very beneficial. He also commented that he noticed some inconsistencies in some of the tables, and recommended

researching that issue further, possibly documenting some of the discrepancies by using footnotes in the report. He also suggested that the draft report be reviewed by the District's Future Water Resources Committee and suggested that the document be posted on the District's website and additionally include the posting of excel spreadsheets, containing all of the data. Director Ascher suggested that prior to a target completion date being established; the Committee should meet and review the report to determine the extent of additional work that will be required.

7) **SUPERINTENDENT OF OPERATION'S REPORT**

A. **Superintendent of Operations Monthly Report**

Mr. Guistino referenced his written staff report and proceeded to discuss a few of the highlighted projects, including the status of the Crystal Springs Telemetry System, the Denniston Well Rehabilitation Project and the Emergency Generator Project. He also reported that the two wells, recently requested to be decommissioned by the property owners, had been completed. Mr. Guistino then addressed a few general operations questions from Board members regarding production, distribution, and service contracts.

8) **DISTRICT ENGINEER'S REPORT**

A. **District Engineer Work Status Report**

Mr. Teter provided an update on the status of the Water Treatment Plant Short Term Improvement Project, explaining the project and bidding schedules.

B. **Phase 3 El Granada Pipeline Replacement Project Status Report**

Mr. Teter reported continued progress on this project, and noted that the shoring design is completed, the archaeological work is underway and that the consultants were all working very well together. He stated that he expected the encroachment permits to be issued from CalTRANS in the very near future. He also addressed a few questions in regards to the proposed project schedule and Mr. Condotti answered questions regarding the status of the project easements.

9) GENERAL BUSINESS

A. Consider approval of grant deed transferring property pursuant to lot line adjustment approved in 1983 (225 San Clemente Avenue, El Granada

Mr. Condotti provided the background of this item, directed the Board's attention to the map provided in the staff report, and explained the lot-line adjustment process and what had transpired in this particular case that caused the discrepancy. Mr. Teter explained further historical details of the situation.

ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted as follows to Adopt Resolution 2007-09 Approving Grant Deed to Hervey, Successor Trustee to Bowen Family Trust, U/T/D 5/31/94 of a Portion of Lots 14 and 15, Block 17, El Granada Highlands

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

B. Consider Approval of Resolution 2007-06 Adopting Statement of Policy for Maintaining Operating Reserves

After President Larimer announced that the District's Finance Committee would be reporting on this item, Director Ascher explained that the Association of California Water Agencies recommends that a reserve for operations, maintenance, and emergencies be established in the amount equal to three months or 25% of the annual budget. He stated that although the District had a policy, it did not describe it in great detail. He also reported that the Finance Committee had recently met and discussed this issue and is recommending approval of the Resolution, Adopting Statement of Policy for Maintaining Operating Reserves.

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows to Approve Resolution 2007-06 Adopting Statement of Policy for Maintaining Operating Reserves:

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

C. Status Report of the Finance Committee's Proposed Rate Increase and Budget Recommendations for the July 10, 2007 Public Hearing

Director Ascher reported on this item, announcing that the Finance Committee had first started reviewing the budget in May of 2007 and realized that excess revenue of approximately \$650,000 had been identified with the unanticipated funds associated with County Tax Revenue and Educational Revenue Augmentation funds (ERAF). He further explained that in light of this development, the Finance Committee is recommending that the amount of the proposed rate increase be reduced from 6.6% to 4.6%, so that the District's ratepayers can share in the good fortune of the District's current financial situation.

Director Coverdell added that when the Committee reviewed the Capital Improvement Plan, a schedule had been established recommending proposed rate increases, which allowed for a dependable amount of increases. He further explained that currently, with adequate reserve funds established, he agreed and felt confident that the ratepayers should benefit and share in the success of the District's state of affairs. Director Mickelsen and President Larimer shared their sentiments regarding the budget and proposed rate increase. President Larimer also reminded everyone that the matter of the proposed rate increase will be considered at a Special Board Meeting/Public Hearing, scheduled for Tuesday, July 10, 2007, and all comments and opinions would be welcomed.

D. Consider approval of Resolution 2007-07, calling for and giving notice of a regular District election to be held on Tuesday, November 6, 2007, and requesting County Elections Department to conduct election

Mr. Condotti reviewed the background of this item, explaining that formal action was required on the part of the Board.

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows to Approve Resolution 2007-07, Calling for and Giving Notice of a Regular District Election to be held on Tuesday November 6, 2007, and Requesting the County Elections Department to Conduct the Election:

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

E. Consider approval of Resolution 2007-08 - Placing in Nomination a Director as a Board Member of the Association of California Water Agencies (ACWA) Region 5

Mr. Condotti introduced this item, explaining that ACWA's ten regions will be holding elections this year to identify members to serve on the region boards for the upcoming 2008-2009 term. Director Coverdell nominated Director Ascher to serve in this capacity, which he accepted with honor.

ON MOTION by Director Coverdell and seconded by President Larimer, the Board voted as follows to Approve Resolution 2007-08, Placing in Nomination, Everett Ascher, as a Board Member of the Association of California Water Agencies, Region 5:

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

F. Status Report on the Current Major Capital Improvement Projects

Mr. Guistino referenced the written staff report and provided updates on the Main Street/Highway 92 Pipeline Replacement Project, the SCADA System Replacement and the completion of the Carter Hill East Pipeline Replacement Project. He referenced Mr. Teter's report on the status of Phase 3 of the El Granada Pipeline Replacement Project.

G. Correspondence: Outstanding Volunteer Award presented to Steve Twitchell, Coastside County Water District, presented from the Coastside Association and Girl Scout Troop 2352

Mr. Guistino provided the background of this item, followed by Mr. Twitchell, the District's Water Treatment Plant Supervisor, who addressed the Board and explained the District's participation in the Save the Bay Project. Mr. Twitchell was awarded the Outstanding Volunteer Award for his involvement in the program and stated that we was looking forward to continuing the District's work in this outreach project. Mr. Guistino added that he envisions continued community outreach work in this area, especially within the local schools.

10) AGENDA ITEMS AND DIRECTOR COMMENTS

Mr. Guistino reported on his recent attendance at the California Special District Association's Board Secretary Training, which was very informative and enlightening.

11) ADJOURNMENT

The meeting was adjourned at 9:26 p.m. The next meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, July 10, 2007 at 7:00 p.m.

Respectfully submitted,

Joe Guistino, Acting General Manager

Jim Larimer, Board President