

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, June 24, 2014

- 1) **ROLL CALL** - The Special Meeting convened at 6:00 p.m. Present at roll call: Directors Steve Flint, Arnie Glassberg, and President Glenn Reynolds. Vice President Mickelsen and Director Coverdell were absent. David Dickson, General Manager, Patrick Miyaki, Legal Counsel and Kurt Franklin, Legal Counsel were also present.

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

- 3) **CLOSED SESSION - The Closed Session began at 6:05 p.m.**
 - A. **Conference with Labor Negotiator**
Pursuant to California Government Code §54957.6
Agency Designated Representatives: David Dickson, General Manager
Employee Organization: Teamsters Union, Local 856

- 4) **RECONVENE TO OPEN SESSION**

The Closed Session concluded at 6:58 p.m., and the Board reconvened to open session, at which time it was reported that direction was provided to the District's designated representative.

- 5) **ADJOURNMENT** - The special meeting was adjourned at 6:58 p.m.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the District

Glenn Reynolds, President
Board of Directors

COASTSIDE COUNTY WATER DISTRICT

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HALF MOON BAY, CA 94019

MINUTES OF THE TUESDAY, JUNE 24, 2014

SPECIAL MEETING OF THE BOARD OF DIRECTORS

- 1) **ROLL CALL** - President Glenn Reynolds called the meeting to order at 7:06 p.m. Present at roll call: Directors Steve Flint and Arnie Glassberg. Director Ken Coverdell and Vice-President Chris Mickelsen were absent.

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

There were eight members of the public in the audience.

- 2) **PLEDGE OF ALLEGIANCE**

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

- 4) **SPECIAL ORDER OF BUSINESS - FISCAL YEAR 2014-2015 BUDGET, FISCAL YEAR 2014/2015 TO 2023/24 CAPITAL IMPROVEMENT PROGRAM, RESOLUTION AMENDING THE RATE AND FEE SCHEDULE**

President Reynolds explained the format for the special order of business, which would begin with staff's presentation, followed by the public hearing portion of the meeting to allow an opportunity for the public to address the Board to follow.

A. Staff Presentation

Mr. Dickson reported that this is the fifth time that the Fiscal Year 2014-2015 proposed budget has been presented at a public meeting during this budget cycle. He welcomed the members of the audience, thanked them for being engaged in the District's budget process, and stated that the meeting this evening will be a valuable opportunity to become informed with the District's budget procedure and to ask any questions or make any comments about the budget. He explained that this has been a very transparent process, with the budget documents being presented and discussed on several regular and special noticed Board meeting agendas and workshops since April 2014, as well as the detailed budget documents being accessible on the District's website.

Mr. Dickson then reviewed highlights from the 2014-2015 Budget, including summarizing the District's Total Revenue, Operating Revenue, Operating Expense, Debt Service and the Contribution to Capital and Reserves. He explained the 2014-2015 revenue sources and expenses in detail and described significant changes in the budget from Fiscal Year 2013-2014 to 2014-2015, including personnel costs, the 20% increase in the cost of water purchased from the San Francisco Public Utilities Commission (SFPUC), and adjustments in operations, administrative and debt service expenses. Next Mr. Dickson highlighted details of the Capital Improvement Program (CIP) for Fiscal Year 2014/2015 to 2023/2024, reviewing total project costs, the \$7.2 million increase over the previous year's CIP, and \$18.8 million in pipeline projects.

Mr. Dickson then summarized how the District's proposed rate increase is determined using the District's financing plan model to forecast many factors over a ten year period. He also reviewed the graph illustrating the projected rate increases and borrowing needed to fund the budget and CIP over the next ten years. Next Mr. Dickson clarified what a 9% increase means for a typical water bill for both low and median water users. Concluding his presentation, Mr. Dickson reviewed staff's recommendation to conduct the public hearing, approve the rate increase of 9% and approve the Fiscal Year 2014-2015 Operating and Expense Budget and 2014/2015 to 2023/2024 CIP.

B. Public Hearing

President Reynolds opened the Public Hearing at 7:28 p.m., inviting members of the audience to address the Board on the subject.

Ann Sklute, Lesley Gardens resident, Half Moon Bay, CA - requested that a special rate for senior citizens be considered, similar to the discount offered by other utilities. She also suggested that other revenue sources be considered, including potential solar farms to be located at District water facilities. She expressed her appreciation for the free water saving devices offered by CCWD.

Elizabeth Honneyman, 405 Poplar Street, Half Moon Bay, CA - shared that she had just learned of the proposed rate increase four days ago and has obtained a number of signatures on a petition from individuals protesting the proposed rate increase. She requested that an extension be granted to allow time for more input from customers about the proposed rate increase.

Kathy Barnoff, 701 Arnold Way, Half Moon Bay, CA - stated that there are 62 units located at the Lesley Gardens facility, and each one of the residents are paying a base charge, as well as for their water usage. She suggested that the District consider offering a discounted rate for senior citizens, similar to the discounts offered by telephone companies and Pacific Gas & Electric.

Jo-Ann Ordano, 701 Arnold Way, Half Moon Bay, CA - commented that this proposed rate increase will fall unfairly on low income senior citizens who depend on their social security benefits. She suggested that the District create a two-tiered rate system, offering a lower rate for low income residents and senior citizens.

Deborah Ruddock, 367 Metzgar Street, Half Moon Bay, CA - inquired about details of the District's financing plan model utilized to determine the proposed rate increase. Mr. Dickson provided detailed information about the model, developed by Bartle Wells & Associates, and also extended an invitation to anyone who wishes to learn more about the District's budget to contact him. Ms. Ruddock also expressed an interest in learning more about the District's plans for managing water resources and inquired about strategies for the future with respect to additional water storage, groundwater management, and development of local water supplies. Mr. Dickson also addressed this inquiry, stating that the District spends a lot of time and effort on these issues and has recently invested over four years and ten million dollars on the District's local water source at the Denniston Water Treatment Plant. Ms. Ruddock thought it may be worthwhile for the District to consider holding a community workshop to focus on water issues. She concluded her comments by thanking the District for the comprehensive budget preparation and the availability of the budget related documents.

President Reynolds thanked the members of the audience for their questions and comments and invited discussion from the Board.

Director Glassberg stated that he was comfortable with the work that staff has performed to justify the budget and rate increase. He added that the Board has heard some interesting comments that could be explored at a later time. However, he emphasized that right now, due to the fact that the District has an extensive Capital Improvement Program that needs to be funded in order to avoid delays to essential projects, as well as the District's need to have an approved budget effective July 1, 2014, he was in support of staff's recommendations for the budget and rate increase.

Director Flint echoed Director Glassberg's comments and also shared his concerns with any delay in adopting the budget, especially in light of potential drought conditions, necessary seismic retrofitting projects, and other required improvements that should not be delayed. He stated his support of staff's recommendations.

President Reynolds expressed his discomfort with delaying action, which could affect important maintenance and improvement projects, as well as the preparation necessary to address potential drought conditions. He agreed with instituting the 9% rate increase at this time and deferred to the District's legal counsel to address the suggestions of a lower tiered rate for senior and low income citizens.

Mr. Miyaki explained that this concept has been extensively analyzed and discussed multiple times with their Board over the years and that he has concluded that Proposition 218 prohibits providing discounted rates for one class of customer when the discount results in higher rates for other customers in order to subsidize the discounted rates.

President Reynolds closed the Public Hearing at 8:11 p.m., at which time Mr. Miyaki recommended reporting the total number of letters of protest received by the District. Mr. Dickson reported that 18 letters of protest had been previously received by the District, including a petition signed by 47 residents of Lesley Gardens. An audience member submitted a number of petition sheets which appeared to have approximately 180 signatures. Although the signatures on the petitions could not be immediately verified to confirm that each represented a valid protest in accordance with Proposition 218, staff noted that it was clear that the number of protests submitted would in any case fall well short of the approximately 3,180 valid protests needed to constitute a majority of the affected parcels.

C. Board Comments / Board Action

President Reynolds thanked the members of the public once again for their participation and comments.

ON MOTION BY Director Flint and seconded by Director Glassberg, the Board voted, by roll call vote, to adopt Resolution 2014-03 Amending the Rate and Fee Schedule to Increase Water Rates by 9%:

Director Coverdell	Absent
Director Mickelsen	Absent
Director Flint	Aye
Director Glassberg	Aye
President Reynolds	Aye

ON MOTION BY Director Glassberg and seconded by Director Flint, the Board voted, by roll call vote, to approve the Fiscal Year 2014-2015 Operations and Maintenance Budget and Fiscal Year 2014/2015 to 2023/2024 Capital Improvement Program:

Director Coverdell	Absent
Director Mickelsen	Absent
Director Flint	Aye
Director Glassberg	Aye
President Reynolds	Aye

4) ADJOURNMENT

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the District

Glenn Reynolds, President
Board of Directors