

*COASTSIDE COUNTY WATER DISTRICT*

*766 MAIN STREET*

*HALF MOON BAY, CA 94019*

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

**July 14, 2020**

On March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer on March 16, 2020, as revised on March 31, 2020, the statewide Shelter-in-Place Order issued by the Governor in Executive Order N-33-20 on March 19, 2020, and the CDC's social distancing guidelines which discourage large public gatherings, the Boardroom was not open for the July 14, 2020 Regular Meeting of the Coastside County Water District. The Regular Meeting was conducted remotely via teleconference.

The Public was able to watch and/or participate in the public meeting by joining the meeting through the Zoom Video Conference link provided. The public was also able to join the meeting by calling a provided teleconference phone number.

**1) ROLL CALL** – President Chris Mickelsen called the meeting to order at 7:00 p.m. participating in roll call via Zoom Video Conference: Directors Jim Larimer, Ken Coverdell, Bob Feldman, and Vice-President Glenn Reynolds.

Also present: Mary Rogren, General Manager, Patrick Miyaki, Legal Counsel; James Derbin, Superintendent of Operations; Cathleen Brennan, Water Resource Analyst; Gina Brazil, Office Manager, Denise Ford, Administrative Assistant/Recording Secretary, and Nancy Trujillo, Accounting Manager.

Sanjay Gaur, Vice President and Lauren Demine, Consultant with Raftelis Financial Consultants, Inc. and Jonathan Sutter, Project Manager, with EKI Environment and Water, Inc. were identified as participants in the meeting.

Members of the public: Dave Dickson and Steve Tarantino 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 June 30, 2020:  
Claims: \$847,875.78; Payroll: \$190,676.55 for a total of \$1,038,552.33
- B. Acceptance of Financial Reports
- C. Approval of Minutes of June 9, 2020 Regular Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report-June 2020
- G. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report
- H. Monthly Rainfall Reports
- I. SFPUC Hydrological Report for the Month of June 2020

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

**ON MOTION BY Director Feldman and seconded by Vice-President Reynolds, the Board voted by roll call vote to approve the Consent Calendar:**

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

#### 5) MEETINGS ATTENDED/DIRECTOR COMMENTS

There were no reports of meetings attended or Director comments expressed.

#### 6) GENERAL BUSINESS

##### **A. Second Financial Planning and Rate Update Workshop with Raftelis Financial Consultants, Inc.**

Ms. Rogren introduced the District's rate consultants, Sanjay Gaur and Lauren Demine with Raftelis Financial Consultants, Inc. In 2018, Raftelis prepared a Cost of Service Analysis and Rate Study to develop cost of service-based water rates which would meet the requirements of Proposition 218 and the 2015 Appellate Court decision in Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano. The Study was used to set the District's rates for FY2019 and FY2020.

At the December, 2019 Board of Directors' meeting, the Board approved engaging Raftelis to develop a Financial Plan and prepare an Updated Rate Study report, based upon the 2018 Cost of Service Analysis that would be used to set the District's rates for FY20-21 and FY21-22.

At the March 10, 2020 Board meeting, Mr. Gaur, conducted a Financial Planning and Rate Update Workshop, and Staff was directed to prepare a Proposition 218 notice to be reviewed at the April 14, 2020 Board Meeting for purposes of setting a date for a public hearing for a proposed increase to be effective July 1, 2020. At a Special Meeting on April 3, 2020, the Board

voted to table discussion of the proposed rate increase for three months to the July 2020 Board Meeting due to the COVID-19 pandemic and the uncertainty of the current economic situation.

At this second Rate Update Workshop, Mr. Gaur presented a proposed updated financial planning model and reserve policy needed to meet the District's revenue requirements and the bill impacts. Ms. Rogren asked Mr. Gaur to focus on two scenarios. The first scenario was a 6.5% annual increase with no loans or financing and the second scenario was a 5% annual increase with financing.

Board discussion ensued with respect to the next steps in planning for rate adjustments for Fiscal Years 2020-2021 and 2021-2022, and President Mickelsen noted that he was opposed to any financing.

At the close of the discussion, Staff and Mr. Gaur were directed to use "up to a 5%" rate increases to be effective January 1, 2021 and January 1, 2022 in a draft Proposition 218 notice and the "Water Financial Plan and Rate Update Study" that will be reviewed at the August 11, 2020 Board of Directors Meeting when the Board plans to consider setting a date for a public hearing and authorizing the issuance of the Proposition 218 notice.

**B. Approval of Fiscal Year 2020/21 to 2029/30 Capital Improvement Program**

Ms. Rogren reviewed the Draft Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (CIP) which provides a planning framework in managing capital projects for the next two fiscal years. The CIP will be used in the District's Water Financial Plan and Rate Update Study being prepared by the District's Rate Consultants, Raftelis Financial Consultants, Inc.

The CIP includes two important infrastructure improvement projects, the Nunes Water Treatment Plant Improvement Project, and the District-Wide Tank Improvement Project. Both projects will significantly enhance the resiliency of the District's infrastructure for the next generation. Ms. Rogren introduced Jonathan Sutter, Project Manager, of EKI Environment and Water Inc. (EKI) who presented an overview of the District-Wide Tank Improvement Project.

**ON MOTION BY Director Vice-President Reynolds and seconded by Director Coverdell, the Board voted by roll call vote to Approve Fiscal Year 2020/21 to 2029/30 Capital Improvement Program (Exhibit A):**

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

**C. Pilarcitos Creek Crossing Water Main Replacement Project Award of Contract for Detailed Design and Engineering Support Services with EKI Environment and Water, Inc.**

Mr. Derbin reviewed the background of this project which includes the replacement of a section of 8" cast iron main which crosses under Pilarcitos Creek between Pilarcitos Avenue and Strawflower Shopping Center at an unknown location. Mr. Derbin explained the importance of this project being completed due to the challenges involved in repairing the water main if it should fail and the reliable delivery of water to Districts customers.

**ON MOTION BY Vice-President Coverdell and seconded by Vice-President Reynolds, the Board voted by roll call vote to authorize the General Manager to execute a professional services agreement with EKI Environment and Water Inc. (EKI) for detailed design and engineering support services during construction for the Pilarcitos Creek Crossing Water Main Replacement project for a not to exceed amount of \$82,900:**

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

**D. Approval of Professional Services Agreement with Stetson Engineers for Survey and Design Work for the Denniston/San Vicente Water Supply Project**

Ms. Rogren explained that in January 2020, the District received an extension of its Water Right Permit with the State Water Resources Control Board, and the District has until December 2026 to perfect its water rights on Denniston and San Vicente Creeks. In order to divert water from San Vicente Creek, the District must construct a new diversion structure on San Vicente and a pipeline extending from the structure at the Denniston Water Treatment Plant (DWTP) pump station. The District has taken the first steps toward permitting and designing the San Vicente improvements and Stetson Engineers has completed a conceptual design of the diversion structure. In the next phase of work, Stetson will coordinate surveys of the current pipeline and the proposed alignment of the new pipeline and will prepare a preliminary pipeline design.

**ON MOTION BY Director Coverdell and seconded by Director Feldman, the Board voted by roll call vote to authorize the General Manager to execute a Professional Services Agreement with Stetson Engineers for survey and design work related to the San Vicente Creek Diversion and Pipeline Project, for a time and materials amount not to exceed \$100,439:**

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

**E. Fiscal 2019-2020 Year-End Financial Results - Preliminary**

Ms. Rogren summarized the preliminary results for the Fiscal Year ending June 30, 2020, noting that the year-end results were significantly better than plan. She reviewed key revenue and expense highlights, capital improvement plan spending, and cash reserve balances.

**F. Consider Approval of Resolution 2020-03 Establishing Appropriations Limit Applicable to District During Fiscal Year 2020/2021**

Article XIII B of the California Constitution, and its implementing legislation, requires each local agency to review the appropriations limit applicable to it annually. The appropriations limit is the maximum amount of proceeds of taxes which the District can appropriate during the fiscal year.

**ON MOTION BY Vice-President Reynolds seconded by and Director Feldman, the Board voted by roll call vote to adopt resolution establishing appropriations limit applicable to District during Fiscal Year 2020/2021:**

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

**7) MONTHLY INFORMATION REPORTS**

**A. Superintendent of Operations Report**

Mr. Derbin reviewed the operations highlights for the month of June 2020.

**B. Water Resources Report**

Ms. Brennan reported on the 2019 Consumer Confidence Report (CCR) Annual Water Quality Report.

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

- A. Director Larimer presented two topics to be included on future agenda items. The first requested agenda item is for a discussion on the possibility of approaching the Coastal Commission with suggestions on changing the restrictions that prevent the District from selling more water connections. The second requested agenda item is for a discussion on the possibility for the District to charge owners of uninstalled water connections maintenance fees to contribute to the costs of maintaining the District's water infrastructure. All Board of Directors were in favor of having these items on future agendas.

9) ADJOURNMENT-The Board Meeting was adjourned at 9:04 p.m.

Respectfully submitted,

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Mary Rogren, General Manager  
Secretary to the District

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Chris Mickelsen, President  
Board of Directors