

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

November 15, 2005

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:33 p.m. Present at roll call were Directors Jim Larimer, Everett Ascher, Ken Coverdell and John Muller.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Joe Guistino, Superintendent of Operations; Amanda Cox, Water Conservation Coordinator, 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:** Director Coverdell announced, that pending the election certification, he complimented and congratulated Chris Mickelsen and Everett Ascher for their successful campaign race, presenting facts to the coastside residents, and spreading the good news from CCWD. He also stated that he was elated that he would be continuing to work together to carry on the projects that this Board has started.

President Mickelsen also expressed his gratitude to all who had voted and thanked the Board, and all CCWD staff members for their talent and commitment.

Director Muller also congratulated Directors Mickelsen and Asher and expressed that he was proud to be able to continue to serve with this Board.

4) CONSENT CALENDAR

- A. Requesting the Board to review disbursements for the month ending October 31, 2005 - Claims: \$722,778.65; Payroll: \$51,730.15 for a total of \$774,508.80
- B. Acceptance of Financial Reports
- C. Minutes of the October 11, 2005 Board of Directors Meeting
- D. Monthly Water Transfer Report
- E. Notice of Completion - Drainage and Paving Improvements at Alves Tank Site

Director Muller stated that he would be abstaining from the vote, due to the fact that he was not in attendance at the October 11, 2005 Board of Directors meeting, and therefore could not vote on the Minutes.

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

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Abstain
President Mickelsen	Aye

At this time the General Manager requested that he have the opportunity to introduce the District's newest employee, Susan Turgeon. He provided a brief background of Susan's experience, introduced her to the Board, and welcomed her to the District.

5) WATER CONSERVATION COORDINATOR'S REPORT

Ms. Cox addressed the Board, stating that the main emphasis of her report was on the Urban Water Management Plan. She provided a history of the report and requirements, explaining that the report was a valuable planning tool, prepared within five-year increments. Ms. Cox then reviewed the highlights of the executive summary and reported on the distribution of the draft. She also advised the Board that a public hearing to adopt the

Urban Water Management Plan would be conducted at the December 13, 2005 CCWD Board of Directors meeting. Ms. Cox then answered a few brief questions from Board members Coverdell and Ascher.

Director Muller congratulated the CCWD Staff and Board for the recent recognition in the Association of California Water Agencies Theodore Roosevelt Environmental Award for Excellence in Natural Resources Management. The District will be mentioned at the ACWA media presentation at the fall conference, for the CCWD's participation in the Water Summit.

Ms. Cox concluded her report by recapping the remaining recent activities, including the Pumpkin Festival, the current bill insert featuring the District's rebate programs, and reported that the fall edition of the CCWD newsletter would be distributed in late November or early December.

6) SUPERINTENDENT OF OPERATIONS' REPORT

- A. Superintendent of Operations Monthly Report
- B. Update on Water Treatment Plant Improvement Project
- C. Water Service Connections Installed, Priority and Non-Priority
- D. Capital Improvement Program Progress
- E. Total CCWD Production, Sales by Category, monthly leak Report, Rainfall Reports
- F. San Francisco Public Utilities Commission Hydrological Conditions Report for September 2005

Joe Guistino, Superintendent of Operations, referenced his written Operations Reports. He proceeded to report on a few of the important topics, including a status update on the Denniston Filter Media Replacement project, the treatment plant tracer tests, and the progress to date on the Carter Hill East and West Pipeline Replacement Projects. Mr. Guistino also updated the Board on the status of the recruitments for the Water Treatment Plant Supervisor and Maintenance Worker I positions and on the water quality monitoring program. Additionally he reported on the latest communications with the Department of Health Services.

7) **REPORT OF THE GENERAL MANAGER**

A. **Update on the Sewer Authority Mid-Coastside (SAM) water reclamation project with a presentation from Carollo Engineers**

The General Manager introduced this item and explained that this study was a supplement to the CCWD report that was completed in August of 2003, where two possible sites to be served by recycled water were analyzed. Mr. Schmidt then introduced Mr. Jack Foley, Manager, from the Sewer Authority Mid Coastside (SAM).

Mr. Foley announced that next year would be SAM's 30th anniversary, and proceeded to report on the recent progress in this field with the current report prepared by Carollo Engineers.

Mr. Foley stated that Carollo had studied specific costs, and processes to provide excellent quality recycled water at the fence line of the SAM plant. He reported that the next steps would be analyzing the potential customers, and the funding aspect for the process improvements. Mr. Foley then introduced Tracy Clinton and Mike Britton of Carollo Engineers.

Ms. Clinton presented a power point presentation including the following aspects of the report: a study comparison summary, Title 22 recycled water regulations, bench scale testing results, two re-use options and alternatives, an alternative cost summary and a schedule of the tasks.

Ms. Clinton then addressed a few questions from Board members. Director Larimer inquired if Carollo had studied any additional potential enhancements to the current collection system, such as storm water collection. He said that, based on his observations in local residential backyards, he feels the collection system is inadequate. Mr. Britton responded to this concern by reporting that a model of a program had been developed to convey the water that gets into the system through infiltration and inflow, and stated that he felt that this issue had been thoroughly addressed. He further reported that approximately 80% of the water that gets into the system gets in through laterals to the houses, and that this

was a difficult situation to handle. He explained that SAM had asked Carollo to look at capturing that water and treating it.

Director Muller reported that only a few cities in America currently treat storm water. That it is a very difficult and expensive process. He expressed his interest and support of the project, but stressed that there were many points that need to be addressed, including funding and costs of distribution, and protection of the environment and natural habitats.

Bob Ptacek, Montara: He stressed that the problems with the collection system are only experienced during significant storm events and that this issue is being addressed. He further explained that a storage tank had already been installed in Montara and that they were working on handling the overflows.

President Mickelsen thanked SAM and Carollo Engineers for moving this project forward and expressed CCWD's support.

Director Muller suggested that possibly an ad-hoc committee should be formed consisting of CCWD and SAM Board members to communicate each other's interests and concerns in regards to the project.

Director Coverdell also recommended that staff review the August 2003 Water Reclamation Program Preliminary Economic Feasibility Study prepared by Carollo Engineers again, and possibly consider allocating funds to have the report updated.

President Mickelsen acknowledged one additional speaker:

Keith Mangold, Half Moon Bay – stated that he was happy with the news that he was hearing tonight about the project and reminded everyone of what occurred at the Water Summit when the San Francisco Public Utilities Commission indicated that if there was public support in a plan that they may be willing to put up to a million dollars into this process. He further stated that he felt there was the will and the guidance and that SFPUC made a public commitment and that he hoped the two boards could work together to take advantage of this offer.

B. Notice of intent to seek annexation to Coastside County Water District by Big Wave, LLC (APN 047-311-060 and 047-312-040, Lands of Big Wave LLC, near Airport Street and Stanford Avenue

The General Manager reviewed his staff report and pointed out that there were two letters on the subject included, one from David J. Byers of McCracken, Byers & Haesloop, representing Big Wave LLC, and one from Martha Poyatos, Executive Officer of the Local Agency Formation Commission. He reiterated that no action was necessary at this meeting.

Mr. Steven Barber, a partner of Big Wave LLC –Mr. Barber thanked the Board for even considering this project. He proceeded to describe the location and nature of the project, which proposes a wellness center, which would provide a living and working community for 36 developmentally disabled adults and an office park of approximately 150,000 square feet. He explained that he and his partner felt that this was a valuable project, in that it would provide jobs and lessen commute traffic on the coastside.

Bob Ptacek, Montara – Mr. Ptacek indicated that he was representing the Montara Water & Sanitary District (MWSD) and reminded the Board that he had expressed objections to this concept of annexation when it was first introduced, approximately two years ago. He indicated MWSD has plans in place to work towards eliminating a moratorium as soon as possible and that it was MWSD's intentions to serve the full area that encompasses what was purchased and carries bonds for, which includes this proposed project area. Mr. Ptacek reiterated MWSD's objections.

Director Mickelsen inquired about a proposed reasonable timeline, taking into consideration the typical local permitting processes that may allow MWSD to develop additional water supply that could ultimately serve this project. Mr. Ptacek replied that it had been a two-year process to obtain permission to drill a test well, but that they believe they may eventually put the well into production at 150 gallons per minute, within another approximately two years.

Director Larimer suggested that due to the uncertain timeline, he proposed a “middle ground” that would allow for CCWD to supply this development immediately with priority connections, and when MWSD has the capacity to serve the project, the development could be switched over to their system.

Mr. Ptacek responded that the MWSD Board would be willing to listen to any proposal, but pointed out that Big Wave LLC had not approached MWSD for discussion of this matter at this time, or two years ago when the proposed annexation was first introduced.

Mr. Barber restated the importance and value of the project, indicating that possibly having to wait ten years or more to be provided with water service from MWSD was a long time to delay a worthwhile project with specific benefits for the community.

The Board briefly discussed with Tony Condotti, legal counsel, the potential impact this project could place on the coastal development permit for the El Granada Transmission Pipeline Replacement project.

C. **Discussion and possible direction to staff regarding response to the United States Department of Air Force regarding maintenance of the water distribution system located at the Pillar Point Air Force Station**

Mr. Schmidt introduced this item, provided a brief background and recommended that if the Board is interested in pursuing this matter, that the next step would be to schedule a site visit and system evaluation, review any groundwater reports available, review their budget and determine the needs for operating the system.

Director Larimer suggested that CCWD request that the Department of Air Force reimburse the District for any expenses incurred in the analysis. The General Manager suggested that the initial site visit be free of charge, but indicated that he would request that subsequent costs incurred be reimbursed by the Department.

The Board briefly discussed this item and encouraged the General Manager to proceed with his recommendation.

D. Discussion an possible direction to staff regarding Montara Water and Sanitary District Public Works Plan Phase 1 – Draft Environmental Impact Report

The General Manager referenced his staff report, which summarized the MWSD draft EIR. He advised the Board that the District has until December 11, 2005 to submit comments on the draft EIR. Mr. Schmidt proceeded to review the details of the proposed project, which included construction at three different sites.

Jim Teter, District Engineer answered a few questions from the Board regarding potential affects on CCWD's and MWSD's ability to extract their maximum water supplies. Mr. Teter advised that based on previous studies, the wells are located far enough away from each other so that the cones of depression of the wells do not influence each other, and that it did not appear to be a problem with the existing wells.

E. Consideration and possible adoption of Resolution 2005-15 - A Resolution of the Board of Directors of the Coastside County Water District Adopting an Amended Deferred Compensation Plan

The General Manager explained the nature of this agenda item, explaining that the deferred compensation plan is funded by employee contributions and has no financial impact on the District.

Anthony Condotti further explained that this particular plan document outlines the various components of the plan, and in order to establish an employee 457 plan, (under the Internal Revenue Service code), the Employer must establish the plan, and as part of the procedure, it is a necessary requirement for the District's Board, to formally adopt the plan.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows, to approve the resolution of the CCWD Board of Directors approving and adopting an amended and updated deferred compensation plan:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

F. Status Report on major Capital Improvement Projects

The General Manager referenced the list and update of major Capital Improvement Projects, reporting that the total between projects completed and projects not yet completed and not fully paid for, is approximately 9.4 million dollars.

There were no questions from the Board on this item. Director Coverdell suggested that this report be updated and that the listing of projects completed in 2004, be removed from the report.

Director Ascher suggested that a visual presentation of CCWD's master plan be prepared, which would include mapping of the recent projects completed, as well as highlighting the future projects proposed within the CCWD distribution system. It was also suggested that this map of information be provided in one of the editions of next year's newsletter.

G. General Manager Activities

There were no comments or questions on this item.

H. Correspondence: (1) City of Half Moon Bay Agenda Report for October 4, 2005 - Title: Taping and Broadcast of Planning Commission Meetings (2) Letter to Robert Floerke, Regional Manager, State of California Department of Fish and Game dated November 4, 2005 regarding Denniston Reservoir Dredging Project

The General Manager reviewed the nature of the two items of correspondence.

8) ENGINEER'S REPORT

A. Engineering Projects Received in October, 2005

The Engineer reported that no new projects had been received in October 2005.

B. District Engineer Work Status Report

The Engineer referenced his staff report and offered to answer any questions regarding the current projects.

There was a brief discussion on the status of the submittals for the El Granada Transmission Pipeline Replacement Project, Phases IIIA and IIIB.

C. Status update on remaining portions of Crystal Springs Projects

Mr. Teter referenced this report, explaining that he was requested to prepare the document and had arranged it as a sort of history of the Crystal Springs Project. He further explained that there were two sets of Crystal Springs infrastructure projects, the first consisted of projects initially constructed, which were included in the Crystal Springs Project financing, and the remainder of the infrastructure projects, which were deferred for a proposed second phase of the project, which had never transpired.

Mr. Schmidt stated that the report would be reviewed and utilized by the District's Finance Committee, in order to determine the District's future needs, and the costs involved in completing those infrastructure projects. Mr. Schmidt also advised the Board that the financial reports being prepared by CDM cannot be completed until the Board makes some decisions in regards to the completion of some of these Crystal Springs Project infrastructure pipeline projects.

9) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS

Director Muller announced that he would be attending the Association of California Water Agencies fall conference in San Diego at the end of the month.

10) AGENDA ITEMS AND DIRECTOR COMMENTS

11) CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Cal. Government Code Section 54956.9)
Joyce Yamagiwa Trustee v. City of Half Moon Bay; CCWD, et al
SMSC Case No/ CIV449464**

12) ADJOURNMENT

The meeting was adjourned at 9:30 p.m. The next regular meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, December 13, 2005, beginning at 7:30 p.m.

Respectfully submitted,

Ed Schmidt, General Manager

Chris Mickelsen, President