

North Coast County Water District
Minutes of the Regular Board of Directors Meeting
March 16, 2011
2400 Francisco Blvd.
Pacifica, CA 94044

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1) CALL TO ORDER

President Piccolotti called the Regular Board Meeting to order at 7:01 p.m. at the District office.

2) ROLL CALL

Present at Roll Call were Director Brown, Director Cosgrove, Director Vetter, Director Ash, and President Piccolotti. Also present were General Manager Kevin O'Connell, Assistant General Manager-Administration Cari Lemke, Assistant General Manager-Operations Bert Weiss, Attorney Patrick Miyaki, and Minutes Taker Jean Headley.

3) PLEDGE OF ALLEGIANCE

Led by Director Brown.

4) PUBLIC COMMENT

None.

5) APPROVAL OF ORDER OF AGENDA

ON MOTION by Director Vetter, seconded by Director Cosgrove, the Board unanimously approved the Order of Agenda as submitted. Motion passed 5-0.

6) BOARD COMMUNICATIONS

None.

7) CONSENT CALENDAR

- A. Report on Sale of District Property
- B. Leak Report
- C. Overview of District Investments – January & December
- D. Financial Statements for February, 2011
- E. Minutes of the February 16, 2011 Regular Meeting of the Board

Director Brown corrected a typographical error on Item 8A3.

ON MOTION by Director Cosgrove, seconded by President Piccolotti, the Board voted unanimously to approve the Consent Calendar as amended. Motion passed 5-0.

8) GENERAL MANAGER'S REPORT

A. New Business

1. Approve Claims Dated March 16, 2011

Staff responded to numerous questions and comments from the Board.

ON MOTION by Director Brown, seconded by President Piccolotti, the Board unanimously approved the Claims dated March 16, 2011 in the amount of \$703,870.49 as amended, with the Legal Fees re: Devil's Slide Tunnel Project shown in Item 33 being reimbursable. Motion passed 5-0.

4. Discussion Re: District's Cell Site Leases (taken out of order)

General Manager Kevin O'Connell summarized the Staff Report.

President Piccolotti opened this item for Public Comment.

Kristina Flaherty of Driftwood Circle spoke against the addition of more cell towers at any of the District's sites, but especially at the Royce site.

Linda Corwin of Moana Way said she feels a blanket policy throughout the District might not be a good idea, but she agrees there should be no additional cell towers at the Royce site. She discussed the revenue the District receives from the cell towers and reminded the Board that the SFPUC is about to raise the cost of our water.

Joe Hurley of Driftwood Circle echoed the comments made by Kristina Flaherty. He reminded the Board that at the October 2010 meeting when this issue was discussed, one of the Board members said the revenue from cell towers is insignificant. He also agrees there should not be a blanket policy to cover all of the District's sites.

Seeing no one else wishing to speak on this item, President Piccolotti closed Public Comment.

Director Brown referred to an article in the West Side Observer, a San Francisco periodical, that talks about an alternative to cell towers.

Director Cosgrove said he has researched cell phones and cell phone towers and has not found any conclusive links between cell phone towers and cancer. Although he does not dismiss the community's concerns, he does not agree with a blanket policy of no more antennae.

Director Ash agrees there should be no additional cell towers at the Royce site, but he would like to see guidelines that would address the affected population regarding any proposed cell phone towers. He is not opposed to the District being involved in providing locations for cell phone towers if it will help generate revenue to keep water rates down.

Director Vetter said that some of the tank sites have houses closer than at the Royce site, and he indicated he would be supportive of moving some of the cell phone towers from Royce to Fassler or Gypsy Hill as contracts come up for renewal.

President Piccolotti stated the District is not in the cell site business, and he feels there should not be any more cell towers added to any of the District's sites. Since customers of the District have voiced their concerns, he advocates a moratorium on any new cell sites and also review existing leases as they come up for renewal.

ON MOTION by President Piccolotti, seconded by Director Vetter, the Board voted to direct Staff to prepare a Resolution that puts a moratorium on all future cell site applications within District property to be brought back to the next Board meeting. Motion passed 3-2, with Directors Cosgrove and Brown the dissenting votes.

2. Discussion Re: Budget Based Tiered Water Rates

Director Brown provided background about why he asked for this item to be on the agenda.

John Farnkopf of Hilton, Farnkopf & Hobson indicated he has discussed this issue with Director Brown, General Manager Kevin O'Connell, and Attorney Patrick Miyaki. He said a budget based tiered water rate system would be split between indoor and outdoor allocations, and he discussed the process involved to make the transition. Extensive discussion occurred between the Board and Mr. Farnkopf.

Attorney Miyaki discussed the requirements of Proposition 218 and the statutory requirements for an allocation based conservation water rate structure.

Director Cosgrove asked how long budget based tiered water rates had been around, and Mr. Farnkopf discussed some of the areas where the budget based system has been successful.

Director Vetter said that many water agencies are experiencing water shortages and asked how would a budget based tiered water rate system enhance the message of water conservation. He feels being revenue neutral should be a factor in going forward.

Director Ash discussed the inequities of the consumption based system and feels the budget based system would be more fair.

Director Cosgrove indicated he would like to know more about how the budget based system would work, and he is concerned about possible consequences if the Board were required to grant variances.

Mr. Farnkopf indicated he will bring further details back to next month's Board meeting.

3. Adopt Resolution No. Amending Rules of the Board Regarding Standing Committees

General Manager Kevin O'Connell provided background as to why this is on the agenda.

President Piccolotti indicated he would like the Emergency Preparedness Committee to be a standing committee. He said the committee will meet to define the committee's purposes and objectives and bring this item back on next month's agenda.

4. Support/Oppose City of Pacifica Fire Suppression Assessment

Attorney Patrick Miyaki stated that Director Cosgrove, who works for the City of Pacifica, is able to participate in this discussion as he does not work for the department involved in this issue and therefore does not have a conflict of interest.

Discussion occurred between the Board and Staff. Attorney Miyaki said this issue came up previously in 2004 and he recalled that at the time it was inconclusive whether or not the District was exempt from this type of assessment.

There was extensive Board discussion about whether the District should support or oppose the proposed assessment. President Piccolotti pointed out that the District provides all of the water and the hydrants that the Fire Department uses to fight fires and feels the District should be exempt.

ON MOTION by President Piccolotti, seconded by Director Brown, by the following Roll Call Vote, the Board voted that the District oppose the Property Owner Assessment Ballot of the City of Pacifica Fire Suppression Assessment on all of the District's properties:

Director Brown	Aye
Director Cosgrove	No
Director Vetter	No
Director Ash	Aye
President Piccolotti	Aye

Motion passed 3-2, with Directors Cosgrove and Vetter the dissenting votes.

6. General Manager Attendance at the Special District Advanced Studies Seminar - \$625 plus Expenses

ON MOTION by President Piccolotti, seconded by Director Vetter, the Board voted unanimously to authorize the General Manager to attend the Special District Advanced Studies Seminar at a cost of \$625 plus expenses. Motion passed 5-0.

B. Continued Business

1. Capital Improvement Program and Bond Projects

General Manager Kevin O'Connell distributed the March 2011 photos and a photo of District employees in front of a sign for the Recycled Water Project. He discussed the printed program for the Recycled Water Project groundbreaking ceremony.

2. Special Project Status Report

General Manager Kevin O'Connell discussed highlights of the Special Projects, i.e., the Purissima Hills Water District's offer to purchase our District's excess water, water management software, and the utility billing audit. Due to a conflict of interest, Attorney Patrick Miyaki left the room during the discussion of the Purissima Hills Water District matter.

Mr. O'Connell stated Staff is also developing a list of CIP Projects including a modeling of the District's piping system in order to improve operations. He discussed the badly leaking roof of the District office and the significant sag on the building's overhang, and he said Staff is looking at ways to conduct repairs.

Mr. O'Connell spoke about desalination and said that BAWSCA has asked Staff to come up with a date to start the project. He said that a commencement date is uncertain and other agencies' monetary participation is still being sought.

9) BAY AREA WATER SUPPLY AND CONSERVATION AGENCY ISSUES

President Piccolotti reported that the BAWSCA meeting is tomorrow, March 17th, and he discussed some of the highlights to be discussed at the meeting. He said he will make a report at the next Board meeting.

10) COMMITTEES AND/OR DIRECTORS' REPORTS ON MEETINGS ATTENDED

Director Brown said the Outreach Committee looked at the Lawn Be Gone Program. Regarding the water audit, he indicated that if someone participates in a

water audit, it would be good to compare their water usage from before and after the audit to illustrate the value and effectiveness of a water audit.

Director Brown suggested putting an occasional article in the Pacifica Tribune about District activities such as fire hydrants, easement clearings, and things that the public might not be aware of. He would like to see a Board policy of whether or not the District should pay the Tribune for news articles.

Linda Corwin of Moana Way said that Elaine Larsen of the Tribune would like to have information about the District, but she would like a commitment to a monthly article so that she can plan for the space.

Director Brown reported the Outreach Committee also discussed that the District newsletter can go out with the monthly billing as long as it is only 1 sheet.

Director Brown indicated that it takes too long for the Finance Committee to try and cover both the Operating and Capital Budgets at the same meeting. He said Staff has given the Committee a proposed a budget where the SFPUC water rate increases will be absorbed by the District with no increase in our water rates.

President Piccolotti stated he would like to see various options to a zero rate increase as opposed to simply cutting capital projects.

President Piccolotti and Director Vetter reported the Personnel Committee went over the District's Personnel Manual and will be sending some changes to the Attorney for review before bringing it back to the Board.

Director Cosgrove reported his attendance at the LAFCo meeting today. He said the Municipal Service Review of Mid-Peninsula Water District was discussed, and LAFCo passed their budget.

11) DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS

Items discussed during tonight's meeting to come back to the next Board meeting are budget based tiered water rates, a Resolution regarding a moratorium on cell phone towers, and a Resolution regarding standing committees.

12) CORRESPONDENCE

None.

13) PUBLIC COMMENT

None.

14) CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(a)

Name of Case: Montara Water and Sanitary District v. San Mateo County Local Agency Formation Commission, et al.

Case No. CIV 502380

Attorney Patrick Miyaki adjourned the Board into Closed Session at 9:28 p.m.

The Board reconvened into Open Session at 10:28 p.m.

15) REPORT ON ACTION TAKEN IN CLOSED SESSION

Attorney Patrick Miyaki reported that the Board conferred in Closed Session with legal counsel for existing litigation pursuant to Government Code Section 54956.9(a), name of case Montara Water and Sanitary District vs. San Mateo County Local Agency Formation Commission, et al., Case No. CIV 502380. The Board heard a report and no action was taken.

16) ADJOURN

President Piccolotti adjourned the meeting at 10:29 p.m. in memory of the earthquake and tsunami victims in Japan.

Respectfully submitted,

Approved:

Kevin O'Connell, General Manager

Tom Piccolotti, President