

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of June 29, 2007
MINUTES**

CALL TO ORDER

A regular meeting of the Board of Directors of the Pebble Beach Community Services District ("PBCSD") was held in the District Boardroom on June 29, 2007. Board President Richard D. Verbanec called the meeting to order at 9:30 a.m.

ROLL CALL

Present: Directors Gary D. Hornbuckle, Leo M. Laska, Richard D. Verbanec, Gerald F. Verhasselt

Absent: Director Jeffrey B. Froke

Others Present

Craig Anthony, General Manager
Laura Dadiw, Board Clerk, Dadiw Associates
Ken Buchert, Legal Counsel
Suha Kilic, Finance Officer
Michael Niccum, District Engineer
George Haines, Fire Chief, CAL FIRE, San Benito-Monterey Unit
Jackie Scoggin, Fire Operations Chief, CAL FIRE
Dennis Carreiro, Fire Prevention Battalion Chief, CAL FIRE
Vinod Badani, Vice President, E2 Consulting Engineers
Spencer Thompson, Pebble Beach resident
John Tormey, Pebble Beach resident
Mark Verbonich, Vice President, Pebble Beach Company ("PBCo")
Al Budris, Director, Del Monte Forest Property Owners ("DMFPO")

APPEARANCES AND ORDER OF BUSINESS

There were no additions or changes to the agenda. Mr. John Tormey commented that the Board may consider applying to the Local Agency Formation Commission to activate latent forest management powers to conduct a forest vegetation management project using discretionary funds that may be available after fiscal year 2007-2008. He said blocks of areas delineated by the District, PBCo and Del Monte Forest Foundation could be treated each year to reduce fire potential.

MINUTES

MOTION 06-07-01

Moved by Director Laska, seconded by Director Verhasselt, with Director Hornbuckle abstaining due to his absence at the May 23, 2007 Board meeting, to approve the minutes of the regular Board meeting held May 23, 2007.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for May 2007. Mr. Kilic commented on the report.

Check Register

The Board received the *Check Register* for May 2007. Mr. Kilic pointed out that the estimated \$30,000 payment to CAWD for wastewater treatment services was based on the budgeted \$1,050,000 annual cost estimated using a District flow ratio of 33 to 34% of total. Lower than average flow rates for the year have placed the District flow ratio at 31% for a total cost of approximately \$950,000.

In response to Director Laska's inquiry, Mr. Kilic stated that the CAWD sewer rate increase of 5.98% for the coming year would not directly affect PBCSD, as actual CAWD treatment expenses are multiplied by the flow ratio to determine the cost to PBCSD. In addition, PBCSD pays a fixed 7.5% of the treatment plant operating expenses for overhead. The 7.5% fixed rate was established in the original PBCSD/CAWD contract for treatment services. Mr. Anthony stated that increases in direct costs such as salaries for treatment facility employees and power use would increase the PBCSD treatment expense basis. CAWD appears to be very aggressive at managing treatment costs and Mr. Anthony is satisfied with the current 7.5% overhead rate.

In response to Director Verhasselt, Mr. Kilic stated that the District insures Reclamation Project assets, mainly the Forest Lake Reservoir embankments, hypalon liner, and the 2.5 million gallon storage tank for earthquake. The cost of this insurance coverage is reimbursed by the project. No other District assets are insured with earthquake coverage.

MOTION 06-07-02

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to approve the *Check Register* for May 2007.

CPA Firm to Conduct Annual Independent Audits

Mr. Kilic reviewed orally his submitted Finance Officer's Report regarding Board consideration of *Blanding, Boyer & Rockwell LLP* to conduct annual independent audits of the District's financial transactions for up to three years. Mr. Paul Nowinski, the partner with Kasavan and Pope LLP who had been performing the District's audit under the current District audit agreement, had recently left Kasavan and Pope and joined Blanding, Boyer & Rockwell LLP.

MOTION 06-07-03

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to contract with the CPA and consulting firm *Blanding, Boyer & Rockwell LLP* to conduct annual independent audits of the District' financial transactions for a period of three years at a cost of \$15,000 per year.

FIRE PROTECTION

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department operations report for May 2007. Chief Haines introduced Lisa Caplan, District Quick Response Vehicle Westmed paramedic. Operations Chief Scoggin had nothing to add to the submitted report. Chief Haines reported progress being made by investigators on recent vegetation fires. He stated that fuel moisture used to measure fire hazard in the Forest is at critical level. Battalion Chief Carreiro reported a good response from property owners to District notifications regarding fire hazard reduction lot clearance. Currently no permits have been issued for commercial fire works this year.

Chief Carreiro reported a successful PBCSD Open House and Public Safety Day held June 23, 2007. Approximately 840 plates were used to serve lunch. June 21, 2008 is the tentative target date for next year's event. Chief Carreiro thanked the District Board and staff for participation, and PBCo for the excellent catering service.

Engineering Services for Spruance Water Storage Tank Project

Mr. Niccum reviewed orally his submitted memorandum regarding Spruance water storage tank engineering services. Mr. Niccum responded to questions from the Board regarding project assignment negotiations with E2 Consulting Engineers based on qualification and rate considerations.

MOTION 06-07-04

Moved by Director Hornbuckle, seconded by Director Laska, and unanimously carried, to adopt *Resolution No. 07-11* approving Project Assignment Number 17 to the Master Agreement with E2 Consulting Engineers to provide engineering services required for the Fire Protection Water System Improvements – Spruance Water Tank Project for a total estimated cost of \$313,000.

MAINTENANCE, ENGINEERING, AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *District Engineer's Report of Utilities Operations and Maintenance for 5/17/07 – 6/21/07* and responded to questions from the Board.

PBCSD Capital Improvement Projects

Mr. Niccum reviewed orally his monthly status report on capital improvement projects referencing the newly added PBCSD Capital Projects Summary Schedule, and responded to questions from the Board and public. Repairs to the sewer line at 1470 Cypress Drive can be completed within 4 months if all parties involved meet and determine that a Coastal Commission hearing is not required.

President Verbanec requested that pump stations be identified in reports by location in addition to the numerical P- designation.

Mr. Niccum responded to Director Laska's observation that SCADA is no longer an item on the list of capital improvement projects, stating that SCADA is an integral part of all mechanical operations. The system is continually modified and upgraded each year as part of maintenance operations.

Pump Station P-8 Spanish Bay Rehabilitation Project

Mr. Niccum indicated District Counsel has recommended changing the wording of the resolution to include a finding that the best interests of the public would be served by authorizing the general manager to execute a contract without competitive bidding. This is due to time constraints and the sensitive nature of the project requiring significant coordination efforts with PBCo. District staff is confident that Anderson Pacific, the contractor for the Forest Lake project, will complete the project in a timely manner with the degree of coordination necessary to best serve the public.

MOTION 06-07-05

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to adopt *Resolution 07-12* authorizing the general manager to execute a contract with Anderson Pacific Engineering Construction, Inc. for construction of the Pump Station P-8 Rehabilitation Project within a budget limit of \$250,000, with a finding that the best interests of the public would not be served with a competitive bidding process.

Pump Station P-3 Seal Rock Force Main Construction Project

Mr. Niccum reviewed the submitted report regarding P-3 Force Main Replacement Project engineering services. The budgeted replacement work would be coordinated with other rehabilitation work at Seal Rock Pump Station P-3.

MOTION 06-07-06

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to adopt *Resolution 07-13* approving Project Assignment Number 18 to the Master Agreement with E2 Consulting Engineers to provide engineering services required for the P-3 Force Main Replacement Project. The total estimated engineering cost is \$92,000.

CAWD Board Meeting

Director Froke attended the CAWD regular Board meeting on Thursday, May 24, 2007. Mr. Anthony reported that the CAWD Board adopted its preliminary budget.

Director Laska attended the CAWD regular Board meeting on Thursday, June 28, 2007 and reported orally. The final two-year budget was adopted by the Board and included a rate increase of 5.98% for 2007/08 and another increase of 5.64% for 2008/09.

CAWD Meeting Assignment

Director Verhasselt is assigned to attend the CAWD regular Board meeting on Thursday, July 26, 2007 at 9:30 a.m. in the CAWD Boardroom at 3945 Rio Road, Carmel.

SOLID WASTE MANAGEMENT

Director Laska reviewed orally the highlights of the meeting of the Monterey Regional Waste Management District ("MRWMD") held on June 15, 2007.

MRWMD adopted its final budget. Director Laska requested that Mr. Kilic contact the City of Carmel regarding its program for recycling plastic bags.

Cities are passing construction and demolition ordinance modifications to insure the proper handling and disposal of asbestos and recyclable materials generated during construction projects. Mr. Kilic said the County issues the building construction permits for the unincorporated area including Pebble Beach and it may be the appropriate agency to pass a construction and demolition ordinance since it has the mechanisms to enforce. Mr. Anthony will look into the matter and report to the Board at the next regular Board meeting.

GENERAL GOVERNMENT

Law Enforcement Program

The Board reviewed the submitted data records from the radar speed display units through June 20, 2007. Mr. Anthony reported that radar data showed reasonable speeds being maintained throughout the Forest with minor exceptions along major thoroughfares. He is pleased with traffic enforcement efforts by CHP in achieving District speed reduction goals. Reduction in CHP presence of possibly one week per month will be discussed with the CHP sergeant over the next six months. PBCo events increase enforcement presence at no cost to the District.

The District recently hosted a meeting at the request of Monterey Peninsula Country Club ("MPCC") with all golf course superintendents and some senior management to discuss vandalism and share experiences. MPCC sustained shovel damage to one green while the Pacific Grove golf course sustained severe damage over a large area of a green. Thefts are occurring along 17 Mile Drive; suspected organized professionals are taking items from unlocked cars and golf carts. PBCo and the Sheriff's Office are investigating. Mailbox damage has continued and children released for school summer break are suspected.

Amendment to the Agreement with California Highway Patrol

Mr. Anthony stated that it is easier administratively to extend the current agreement with CHP for traffic enforcement services than to generate a new contract.

MOTION 06-07-07

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to adopt *Resolution 07-14* to approve and authorize the execution of an amendment to the contract with California Highway Patrol to extend the supplemental law enforcement services to June 30, 2008.

Revised Personnel Policies

Mr. Kilic reviewed orally the submitted Finance Officer's Report regarding Administrative Code amendments.

MOTION 06-07-08

Moved by Director Laska, seconded by Director Verhasselt, and unanimously carried, to adopt and incorporate the submitted revised personnel policies into the District Administrative Code subject to final review for legal requirements by District counsel.

Safety Committee Meeting

The Board received the submitted Safety Committee minutes for the meeting held on May 25, 2007. Mr. Niccum had nothing to add to the minutes.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

The Board reviewed the submitted General Manager's Report on observations made with respect to District activities. The Board adopted in the preliminary budget \$50,000 allocation for Forest agencies or land owners to apply for cost-sharing funds for projects that fall within District jurisdiction for fuel modification and deemed by the Board to be of value. Staff will present a plan for installation of fire hydrants along Portola Road over the next six months.

Mr. Anthony stated that periodic meetings are conducted between District staff and fire department staff to review the Insurance Services Office standards as they apply to the District. The District was rated an ISO class 3 in 1991. The goal of District staff is to prepare the fire department for a new ISO rating and increase its ISO rating to class 1 by 2010. It is unknown if the optimum rating would affect insurance premiums in the area.

Director Hornbuckle requested staff present a scope of fuel modification work including number of acres, types of modifications, legal or environmental restrictions and cost per acre at the next regular Board meeting. President Verbanec requested guidance from Director Verhasselt in obtaining from insurance representatives any contributing factors that establish insurance premium levels in an area for the District to take action on those factors that it can influence.

Questions from Directors or staff seeking clarification of matters within the purview of the District

There were no questions from directors or staff.

Oral reports or announcements from Board President, directors or staff

Director Verbanec reported on a tour he took at Lake Shasta and submitted brochures and news articles relating to a proposal to increase the level of the dam 6, 8 or 14' for increased water supply reliability.

Mr. Kilic reported on the presentation of a professional paper authored by himself and the District's Information Technology consultant Yavuz Atila on the web-based GIS/database application at the 2007 ESRI International GIS User Conference in San Diego on June 20, 2007. The presentation was very well received.

The Reclamation Management Committee meeting scheduled for July 6, 2007 was postponed until September.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 11:52 p.m. a motion was made to adjourn.

MOTION 06-07-09

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, July 27, 2007 at 9:30 a.m. in the District Board Room at Forest Lake and Lopez Roads.

Craig E. Anthony, Board Secretary