



PEBBLE BEACH COMMUNITY SERVICES DISTRICT

3101 FOREST LAKE ROAD • PEBBLE BEACH, CALIFORNIA 93953 • (831) 373-1274

PEBBLE BEACH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS Regular Meeting of January 30, 2009 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 January 30, 2009. Board President Jeffrey B. Froke called the meeting to order at 9:30 a.m.

ROLL CALL

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

Absent: None

Others Present

Michael Niccum, General Manager/District Engineer
Suha Kilic, Deputy General Manager/CFO
Robert Wellington, Legal Counsel
George Haines, Fire Chief, CAL FIRE San Benito-Monterey Unit
Robin Hamelin, Fire Prevention Chief, CAL FIRE
Buddy Bloxham, Battalion Chief, CAL FIRE
Curt Itson, Division Chief, CAL FIRE
John Tormey, Pebble Beach resident
Spencer Thompson, Traffic and Safety Committee, Del Monte Forest Property Owners ("DMFPO")
Sgt. Ray Faulk, California Highway Patrol ("CHP")
Christina Baca, Assistant Engineer, PBCSD
Vinod Badani, Vice President, E2 Consulting Engineers
Mark Verbonich, Vice President Community Affairs, Pebble Beach Company ("PBCo")
Ken White, Director, Carmel Area Wastewater District ("CAWD")
Laura Dadiw, Board Clerk, Dadiw Associates

APPEARANCES AND ORDER OF BUSINESS

Mr. John Tormey, on behalf of Mrs. Janice O'Brien, brought to the Board's attention her concern regarding the stop sign on Carmel Way just inside Pebble Beach at the Carmel entry gate: It is hard to determine which way incoming motorists are intending to proceed, especially if turn indicators are

not used, and she was wondering if there was a way to reduce the hazard. General Manager, Mike Niccum stated he would follow up with the DMFPO Traffic and Safety Committee. There were no requested changes to the agenda.

MINUTES

MOTION 09-1-01

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to approve the minutes of the regular Board meeting held on December 12, 2008.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* and the *Cash Basis Budget Report* for November and December 2008. Director Verhasselt pointed out that property tax revenues were higher than last December. Deputy General Manager/CFO, Suha Kilic said the amount received in December may vary each year based on number of property owners paying both installments and delinquencies. In response to Director Hornbuckle's question, Mr. Kilic stated that \$7 million of District funds are invested in a 6-month Treasury bill maturing in mid-March, and remaining funds are in the County Treasury pool currently invested in conservative instruments.

The Board received the *Check Register* for November and December 2008. Mr. Kilic responded to questions from directors and the public.

MOTION 09-1-02

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to approve the *Check Register* for November and December 2008.

Mid-year Budget Report for Fiscal Year 2008-09

The Board received and reviewed the *Mid-year Budget Report for fiscal year 2008-09*. Mr. Kilic covered the highlights of the report indicating that current revenues are estimated to be \$250,000 less than the original budget. He said based on the payments coming from prior year delinquencies, the property tax revenue estimate has been increased by \$100,000. Interest revenue projection has been reduced by \$350,000, from \$400,000 to \$50,000, based on an estimated 23 cents on the dollar recovery of the defaulted Lehman Brothers and Washington Mutual bonds of the County Treasury pool and; the District's pro-rata share of the pool at the time defaults occurred. He said the

reduction in interest revenue also assumes write down of the losses in the current fiscal year, without any deferral to the next fiscal year. Mr. Kilic stated the operating expenditures are anticipated to be below budget, offsetting the reduction in revenues. He said the annual cost for CAL FIRE and CAWD contractual services are expected to be below budget by \$250,000 and \$100,000, respectively.

Mr. Kilic stated that the California Public Employee Retirement System's ("CalPERS") 25% year-to-date loss in asset value may impact the District, increasing the cost of the CAL FIRE contract beginning in FY 2010-11 and increasing the District's own personnel cost and the CAWD contract beginning in fiscal year 2011-12. The magnitude of the total cost impact may be \$200,000 annually, based on some rough estimates developed using the information provided by CalPERS. According to a statement by CalPERS Board, it is still early to speculate what the impact will be until CalPERS investment performance is determined at the end of the current fiscal year. The investment returns for the rest of the fiscal year and the future years may change the current estimates.

FIRE PROTECTION

Fire Chief's Monthly Report

Chief Haines reported that the State, in addressing the current downturn in the economy and budget woes, has instituted a furlough program with employees being off for two working days per month. CAL FIRE is requesting that the governor not include employees working in fire defense, a 24-hour per day operation.

The Board received and reviewed the monthly fire department activity report for December 1, 2008 – January 15, 2009. Fire Prevention Chief, Robin Hamelin detailed fire department response to a structure fire on Sombria Lane and reviewed highlights of the report. Community Emergency Response Team ("CERT") members assisted with a mass casualty drill held by the Monterey Bay Aquarium.

Chief Haines commended Mr. Kilic for his foresight when purchasing the Reverse 911® emergency notification system to negotiate lower software costs for a shared system. This allowed the opportunity for the redundancy now provided in the system shared with Cypress Fire Protection District, with each District hosting the other's database in case backup service is needed.

2008 Monterey County Civil Grand Jury Final Report

The Board received and reviewed the General Manager's Report regarding the portion of the 2008 Monterey County Civil Grand Jury Report relevant to District operations. Staff will provide the Board with a draft written response to the Grand

Jury required for the portions of the report specific to the District at the next Board meeting. Mr. Kilic stated that 422 cell phones had been registered in the Reverse 911 emergency notification system since the January 2008 storm referenced in the Grand Jury report. There are also 78 residents enrolled in the District Emergency Assistance Program. The annual fire inspection notices included a tear-off card for resident enrollment, as did a District newsletter. Each fire engine has a printout of enrolled residents. Chief Hamelin stated that the District is working with the Alliance on Aging and Meals on Wheels; and will be using the CERT members to contact residents interested in enrolling. In response to Mr. Tormey, Chief Hamelin pointed out on page 91 Recommendation R.8.6 of the report that the intent was for temporary shelters to be set up at responding agencies until longer-term shelters like those provided by the American Red Cross were available.

Director Hornbuckle felt that the report was unfair in its assessment of the District and felt the District's response to hazards and resident needs during the storm was exemplary, especially in comparison to the other agencies listed in the report. Mr. Niccum stated that some of the recommendations were generated from District staff giving the Grand Jury information regarding the programs already implemented within PBCSD. The report recommends the County Board of Supervisors be responsible for improving communication and coordination with PG&E during future power outages. District experience with PG&E during events prior to the January 2008 storms indicates that direct contact with a designated PG&E supervisory staff may be the best communications method to obtain timely information during power outages.

MAINTENANCE, ENGINEERING, AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *Utilities Operations and Maintenance Report for 12/4/08 – 1/22/08* prepared by Associate Engineer, J.T. Rethke. Mr. Niccum added that there had been a sanitary sewer overflow at 1122 Wildcat Canyon where the main line was blocked with roots and the resident's sewer relief valve had not operated properly causing sewage to spill into the house. The District's insurance carrier estimated the cost of damage at approximately \$15,000. That particular main sewer line is scheduled for replacement in one to two years. A minor stoppage on Trappers Trail also occurred and the resident sent a letter commending Maintenance Supervisor David Drewien and crew for an exemplary job in handling the incident.

Director Verbanec requested that the location of pump stations be included when stations are referenced in reports to the Board.

PBCSD Capital Improvement Projects

Mr. Niccum reviewed the monthly status of *Capital Improvement Program* projects prepared by Assistant Engineer Christina Baca. The District received the American Public Works Association Monterey Bay Chapter Project of the Year Award of Merit in the Less than \$10 Million Category for the 5th Priority Pipeline Replacement Project; the plaque is on display in the District office.

The California Division of Safety of Dams inspection of the Forest Lake Reservoir Outlet Structure Modification Project is scheduled for February 12th.

Increased Contract for 2008 Sewer Line Replacement Project

The Board received and reviewed the *Engineering Report* regarding the 2008 Sewer Line Replacement Project. Director Verbanec advised striking the last portion of the last sentence in the first paragraph under Summary of Issues, "with hopes... at a later date."

MOTION 09-1-03

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to authorize the General Manager to increase the construction contract with D'Arcy and Harty Construction, Inc. for the 2008 Sewer Line Replacement Project by an additional \$48,500, resulting in a revised total contract amount of \$499,080.

CAWD Board Meeting

Director Hornbuckle attended the January 22, 2009 CAWD board meeting and submitted a written report. He noted that CAWD was considering water projects to undertake with funding from the pending government stimulus package. Mr. Niccum stated that the District in joint effort with Pebble Beach Company was seeking grants for a storm water dry weather diversion project. Director Verbanec attended the December 18, 2008 CAWD board meeting and gave an oral report stating the board was very supportive of appointment of Mr. Kilic as the special district representative to the County Treasury Oversight Committee. At the Local Agency Formation Commission meeting attended earlier in the week by Director Verbanec, the agency was pleased to approve CAWD expanding its system to bring more areas in the Carmel Highlands on-line.

SOLID WASTE MANAGEMENT

The Board received and reviewed reports from Director Laska on the highlights of the meetings of the Monterey Regional Waste Management District held on December 19, 2008 and January 16, 2009. The District has deferred capital improvement projects to balance the current budget and is developing next year's budget with an aim at handling cost of living increases without raising

tipping fees. Director Laska noted that revenues were still down, for example, last year the recycling revenue for ferrous iron was at \$250/ton; this year it is at \$8/ton. On a positive note, power generation and Last Chance Mercantile revenues are up. Mr. Tormey suggested advertising the Last Chance Mercantile in the local newspapers.

GENERAL GOVERNMENT

Law Enforcement Program Status

The Board received and reviewed the Deputy General Manager's Report regarding the status of the supplemental traffic program. Mr. Kilic acknowledged that Administrative/Technical Support Specialist Richard Farfan produced the maps showing the number and location of traffic violations using the District GIS system, and the finance/accounting staff prepared the charts summarizing traffic speeds recorded at the fixed radar locations.

Sergeant Ray Faulk stated that officers now are scheduled in the Forest on one 10-hour shift per day, five days a week. Motorist assists and verbal warnings would be provided in future reports in addition to the citation statistics. He believes the program is beneficial based on the reduction in traffic collisions since inception. Director Froke inquired whether the decrease in other crimes is correlated with CHP presence. Mr. Verbonich stated that the County Sheriff's crime statistics indicate vandalism and burglary crimes continue to trend downward since the District contracted with CHP. Sgt. Faulk responded to an inquiry stating that CHP does assist Sheriff's Office in general crime response.

Letter of Intent to Continue Contracting with CHP

MOTION 09-1-04

Moved by Director Verhasselt, seconded by Director Laska, and unanimously carried, to authorize the General Manager to submit a letter of intent to continue the District contract with California Highway Patrol for supplemental law enforcement services in fiscal year 2009-10.

Directors' Assignments

MOTION 09-1-05

Moved by Director Verbanec, seconded by Director Laska, and unanimously carried, to assign PBCSD Directors to the following:

- A. CAWD/PBCSD Wastewater Reclamation Project Management Committee – Directors Hornbuckle and Verbanec; Director Laska as alternate;**
- B. PBCSD Defined Benefit Pension Plan, and Supplemental Pension Plan Investment Committee Trustees – Director Laska and Mr. Peter McKee;**
- C. DMFPO Traffic and Safety Advisory Committee – Director Froke;**
- D. Del Monte Forest Community Advisory Committee – Director Froke;**
- E. Association of California Water Agencies Joint Powers Insurance Authority (“ACWA/JPIA”) Board of Directors – Director Verhasselt, Deputy General Manager/CFO Kilic as alternate;**
- F. Special District Association of Monterey County – Director Verbanec, Director Verhasselt as alternate;**
- G. Monterey Regional Waste Management District and Finance Authority – Director Laska;**
- H. CAWD Board of Directors Meetings “observer” – All Directors rotate.**

Schedule of 2009 Conferences and Symposiums

The Board received the 2009 Conferences and Symposiums Schedule relating to District activities. Director Verbanec noted that there is another agency other than the California Special Districts Association that offers comparable educational conferences. Special Districts Institute (“SDI”) offers a three conference series in governance, finance and administration for completion of a certificate. Mr. Niccum stated both he and Mr. Kilic completed the certificate program and found them well done and would provide interested directors with the SDI conference schedule.

Safety Committee minutes for meeting held December 19, 2008

The Board received the minutes for the regularly scheduled Safety Committee meeting held December 19, 2008. There were no questions from the Board.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Mr. Niccum confirmed that Tom Moore was elected as alternate member to the Local Agency Formation Commission.

Staff is meeting with each contracting partner – MRWMD, Waste Management, Inc., CAL FIRE, and CAWD – to identify strategic planning issues for consideration by the Board. Next month staff plans to request whether the Board prefers to conduct a review of strategic planning issues during regular Board meetings or schedule a special Board meeting.

Mr. Niccum responded to Mr. Tormey that the District is a member of the California Special Districts Association and the Association of California Water Agencies and both organizations are involved in lobbying efforts on behalf of special districts in Sacramento.

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

There were no reports or announcements.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 11:21 a.m. a motion was made to adjourn.

MOTION 09-1-06

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, February 27, 2009 at 9:30 a.m. in the District Board Room at 3101 Forest Lake Road.