



**PEBBLE BEACH**

**COMMUNITY SERVICES DISTRICT**

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**PEBBLE BEACH COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
Regular Meeting of September 25, 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 September 25, 2009. Board President Jeffrey B. Froke called the meeting to order at 9:36 a.m.

**ROLL CALL**

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

**Absent:** Director Gary D. Hornbuckle

**Others Present**

Michael Niccum, General Manager/District Engineer

Suha Kilic, Deputy General Manager/CFO

J.T. Rethke, Associate Engineer, PBCSD

Christina Baca, Assistant Engineer, PBCSD

Robert Wellington, Legal Counsel

George Haines, Fire Chief, CAL FIRE San Benito-Monterey Unit

Robin Hamelin, Fire Prevention Chief, CAL FIRE San Benito-Monterey Unit

John Tormey, Pebble Beach resident

Mark Verbonich, Vice President Community Affairs, Pebble Beach Company ("PBCo")

Charlotte Townsend, Director, Carmel Area Wastewater District ("CAWD")

Vinod Badani, Vice President, E2 Consulting Engineers

Spencer Thompson, Traffic and Safety Committee, Del Monte Forest Property Owners

Laura Dadiw, Board Clerk, Dadiw Associates

**APPEARANCES AND ORDER OF BUSINESS**

There were no appearances or requested changes to the agenda.

## MINUTES

### MOTION 09-9-01

**Moved by Director Laska, seconded by Director Verbanec, and unanimously carried, to approve the minutes of the regular Board meeting held on August 28, 2009.**

## FINANCIAL MATTERS

### **Statement of Receipts and Disbursements**

The Board received and reviewed the *Statement of Receipts and Disbursements* for August 2009. Deputy General Manager/CFO Kilic noted that a \$2,800 refund was received from Association of California Water Agencies / Joint Powers Insurance Authority ("ACWA/JPIA"), the public agency self insurance pool. The refund stemmed from the catastrophic reserve funds being held for unpaid claims for the underground storage tank liability program for 1994-1995, at which time the District insured its fuel tanks. The tanks have since been moved above ground, or, upgraded to double-walled and so are no longer insured.

### **Cash Basis Budget Report**

The Board received and reviewed the *Cash Basis Budget Report* for August 2009. There were no questions from the board.

The Board received the *Check Register* for August 2009. Mr. Kilic stated that the final payment had been made to Cal Fire for past fiscal year services and a total of approximately 90% of the amount budgeted had been spent. Mr. Kilic noted that each of the District's cost-share programs related to fire service is administered under a separate agreement with neighboring districts.

### MOTION 09-9-02

**Moved by Director Laska, seconded by Director Verbanec, and unanimously carried, to approve the *Check Register* for August 2009.**

### **Treasurer's Investment Report**

The Board received and reviewed the *Monterey County Treasurer's Report* for quarter ended June 30, 2009. The County Auditor-Controller had responded to Mr. Kilic regarding his correspondence asking for reconsideration of the loss amount allocated to the District's custom portfolio due to default of Washington Mutual and Lehman Brothers bonds. The Auditor-Controller stated that the methodology suggested by Mr. Kilic would be appropriate if the portfolio functioned as a mutual fund, which it does not, and the County was obliged to distribute losses based on average daily balance

during the quarter as historically has been the case. The District's loss on the custom portfolio is 3% as opposed to 3.5% for other pool participants, saving the District approximately \$38,000 in comparison. On a positive note, the County Treasurer sold the defaulted Washington Mutual bond for 28 cents on the dollar, and the District's pro-rated share of the sale proceeds, equating to approximately \$80,000, would be returned to the District in the next quarter.

### **Proposition 1A Securitization Program**

The Board received and reviewed the Deputy General Manager/CFO Report on the California Communities *Proposition 1A Securitization Program*. Mr. Kilic said the program is designed to provide an opportunity for the local governments to receive the monies being borrowed by the State upfront. He recommended enrollment in the program to receive necessary documents and meet timelines. Mr. Kilic said enrollment does not commit the District to the program and the final participation decision would be made in the next Board meeting, if the Senate Bill SB 67 is adopted by the legislature. More information can be found on [www.cacommunities.org](http://www.cacommunities.org).

### **MOTION 09-9-03**

**Moved by Director Laska, seconded by Director Verbanec, and unanimously carried to authorize the District's enrollment in the California Communities Proposition 1A Securitization program with the understanding that final participation decision, including execution of necessary documents, will be scheduled for the October Board meeting.**

### **FIRE PROTECTION**

#### **Fire Chief's Monthly Report**

The Board received and reviewed the monthly fire department activity report for August 15 – September 14, 2009. Chief Haines gave an overview of fires that had occurred recently throughout the area and state. Locally, a fire in Iris Canyon in the City of Monterey (southeast of Del Monte Center) is being investigated for possible connection with the recent non-accidental fires in the Forest.

Fire Prevention Chief Hamelin reported on residential fire safe inspections – three lots need tree service and ten homes are in the citation process, five of those involving bank-owned/realtor situations. Chief Hamelin will give a presentation on the results of goat herd grazing and other fire fuel reduction efforts in the Forest at a future Board meeting. Haul Road area crew work is increasingly efficient with the time required for an acre of clearance reduced from 5 days to 3 days.

General Manager Niccum reported that Chief Carreiro was working on the fire portion of the Local Agency Formation Commission service and boundary review of the District.

Chief Haines stated that the City of Carmel would be sending CAL FIRE a formal request for proposal for fire protection services. Charlotte Townsend indicated she was a Director of the Carmel Residents Association which supports the City of Carmel in its consideration of CAL FIRE.

## **MAINTENANCE, ENGINEERING, AND CONSTRUCTION**

### **24<sup>th</sup> Annual WaterReuse Symposium**

The Board received and reviewed the *Engineering Report* prepared by Assistant Engineer, Christina Baca regarding the 24<sup>th</sup> Annual WaterReuse Symposium she and General Manager Niccum attended in Seattle, Washington September 13<sup>th</sup> – 16<sup>th</sup>. Pebble Beach Company (PBCo) was nationally recognized as Customer of the Year for outstanding efforts on the Water Reclamation Project. Mr. Verbonich expressed on behalf of Mark Stilwell his appreciation for the District's role in the recognition of PBCo for this honor and for the support by the District and CAWD. PBCo considers the award more as recognition of the community's efforts in the project.

### **Wastewater Collection, Treatment and Disposal System**

The Board received and reviewed the *Engineering Report of Utilities Operations and Maintenance for 8/22/09 – 9/16/09* prepared by Associate Engineer, J.T. Rethke, who gave an overview of the report. Related to gopher control needed around Forest Lake Reservoir, Director Froke stated that research from UC Davis shows that certain types of grasses with less seeds can help control gopher population in the long-term.

### **Cease and Desist Order Against California American Water (“CAW”)**

The Board received and reviewed the General Manager Report regarding the State Water Resources Control Board's (“SWRCB”) Cease and Desist Order against CAW. The Board concurred to send a response letter supporting comment letters sent to SWRCB by PBCo and the Monterey Peninsula Water Management District, and requesting the SWRCB amend the Order to reflect its previous 14-year commitment to honor the PBCo water entitlements. Director Hornbuckle earlier in an email gave support of the draft letter presented at today's meeting. The Board requested staff provide testimony at the upcoming SWRCB hearing in Sacramento on October 20, 2009.

### **PBCSD Capital Improvement Projects**

Assistant Engineer Christina Baca highlighted her report on the monthly status of *Capital Improvement Program* projects. A meeting is currently being scheduled with County staff regarding the Spruance Tank Water Storage Project. Director Verbanec

requested that Pump Station designations, such as P-7, also include the physical location of the station in future reports. Director Laska emphasized that District constituents are interested in the undergrounding of utility lines and are following progress on feasibility and initial findings.

### **Preliminary Engineering Services for Pump Station P-7 Rehabilitation Project**

The Board received and reviewed the *Engineering Report* regarding preliminary engineering services for the pump station located on the 18<sup>th</sup> fairway of Pebble Beach Golf Links. Assistant Engineer Baca reported the project includes increasing the flow capacity of the pump station and installation of a redundant force main line. The Long-term Capital Outlay Plan includes an allocation for the project next year and there are adequate Capital Reserve funds to complete the preliminary engineering services this year. Mr. Badani, E2 Consulting Engineers, stated that the project would take four to six months to complete.

### **MOTION 09-9-04**

**It was moved by Director Verhasselt, seconded by Director Verbanec, and unanimously carried, to adopt *Resolution 09-21* approving Project Assignment No. 22 to the Master Agreement with E2 Consulting Engineers, Inc. to provide preliminary engineering services required for the Pump Station P-7 Rehabilitation Project for a cost not to exceed \$40,000; and amend the Fiscal Year 2009/10 budget to include \$40,000 for preliminary engineering services for Pump Station P-7 Rehabilitation Project.**

### **CAWD Board Meeting**

Director Verhasselt attended the September 24, 2009 CAWD Board meeting and stated that financing was approved for ion chronograph testing equipment. Mr. Niccum stated that the CAWD general manager responded a California American Water letter requesting information on potential water recycling projects. The response indicated that the proposed project to use reject water from the CAWD reverse osmosis treatment system to improve the water quality in the Carmel River lagoon has not yet been funded.

### **SOLID WASTE MANAGEMENT**

#### **Monterey Regional Waste Management District Board Meeting**

The Board received and reviewed the report from Director Laska on the highlights of the meeting of the Monterey Regional Waste Management District ("MRWMD") held on September 18, 2009. Director Laska responded to comments from the Board.

General Manager Niccum provided the Board a flyer of the upcoming District Household Hazardous Waste Collection Event to be held Saturday, September 26, 2009 in the PBCSD parking lot from 9 a.m. to 2 p.m.

### **GENERAL GOVERNMENT**

#### **California Special District Association (“CSDA”) Local Voter Threshold Coalition**

The Board received information regarding the CSDA, of which the District is a member, participation in the Local Voter Coalition supporting a statewide initiative to reduce the voter threshold for certain taxes and bonds from two-thirds to 55 percent majority. District operations would not likely be affected by the initiative.

#### **Review of Rate Models for Sewer Services**

The Board received and reviewed the General Manager Report regarding the review of rate models for sewer services as requested by Director Verhasselt. The Board concurred to direct staff to analyze the current model against other conceivable models for establishing potentially more equitable sewer service fees and to report back at a future board meeting.

#### **District Fall/Winter Newsletter**

The Board received the Deputy General Manager Report on District newsletter articles. Director Verhasselt requested that the Pebble Beach Company award for WaterReuse Customer of the Year be highlighted in the next issue. Mr. Kilic reported that the Haul Road fuel break project would be the feature article in the next issue. Director Froke would provide the article from the upcoming DMFPO newsletter on fire fuel reduction to Mr. Kilic for his reference.

#### **Board Meeting Date for November/December 2009**

The Board concurred to schedule a combination November/December 2009 Board meeting for Friday, December 11, 2009 at 9:30 a.m.

### **MISCELLANEOUS INFORMATION AND COMMUNICATIONS**

#### **Oral reports from General Manager**

A summary of the District Defined Benefit Plan investment holdings was provided for board member reference.

Mr. Kilic stated regarding the decrease in the dam failure liability insurance coverage from \$20 million to \$10 million, the insurance carrier ACWA/JPIA was currently seeking availability of higher coverage for Forest Lake Reservoir from third party providers.

#### **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 his plan to attend the Finance Conference held by the Special Districts Institute on October 22-23, 2009 in San Diego, arranging the conference at the end of his personal vacation, and would contact Mr. Kilic to arrange District payment for a one-way return flight and one night's lodging.

Director Verbanec stated he would be sending in the information sheet requested by the Special District Association of Monterey County and would copy the information via email to General Manager Niccum for distribution to board members as he deems appropriate. District Counsel Wellington noted that board members could receive Director Verbanec's email as informational and would not be able to discuss it per the Brown Act. Director Verbanec stated he would not be attending the Association's regular meeting on October 20, 2009.

**CLOSED SESSION**

It was determined that no closed session was in order.

**ADJOURNMENT**

There being no further business at 12:00 noon a motion was made to adjourn.

**MOTION 09-9-05**

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