



PEBBLE BEACH COMMUNITY SERVICES DISTRICT

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PEBBLE BEACH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS Regular Meeting of October 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 October 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
Nancy Johnson, Senior Accountant, PBCSD
Marianna Escareno, Accounting Technician, PBCSD
J.T. Rethke, Associate Engineer, PBCSD
Christina Baca, Assistant Engineer, PBCSD
Robert Wellington, Legal Counsel
Dennis Carreiro, Assistant Chief, CAL FIRE San Benito-Monterey Unit
Robin Hamelin, Fire Prevention Chief, CAL FIRE San Benito-Monterey Unit
John Tormey, Pebble Beach resident
Kelly Getreu, Pebble Beach resident
Mark Stilwell, Executive Vice President, Pebble Beach Company ("PBCo")
Mark Verbonich, Vice President Community Affairs, PBCo
Spencer Thompson, Traffic and Safety Committee, Del Monte Forest Property Owners
Robert Kohn, Director, Carmel Area Wastewater District ("CAWD")
Barbara Buikema, Finance Officer, CAWD
Vinod Badani, Vice President, E2 Consulting Engineers
Laura Dadiw, Board Clerk, Dadiw Associates
Mike Nolan, Hayashi and Wayland Accounting and Consulting LLP
Autumn Rossi, Hayashi and Wayland Accounting and Consulting LLP
John Kasunich, Haro Kasunich and Associates
Mark Fox, Haro Kasunich and Associates
Jerry Burnett, Pebble Beach Cypress LLP, Property Owner 1476 Cypress Drive

APPEARANCES AND ORDER OF BUSINESS

There were no appearances or requested changes to the agenda.

MINUTES

MOTION 09-10-01

Moved by Director Verhasselt, seconded by Director Laska, and unanimously carried, to approve the minutes of the regular Board meeting held on September 25, 2009.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for September 2009. Deputy General Manager/CFO Kilic noted that the Fifth Priority Water System Project was underway last year with accompanying large expenditures, as a result current cash levels are higher than last year this time.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report* for September 2009. There were no questions from directors or the public.

The Board received the *Check Register* for September 2009. Regarding the check issued to ACWA/JPIA for \$45,000, Mr. Kilic explained that approximately \$38,500 of that payment was for the District general liability insurance premium and the remaining \$6,500 was for \$10 million in dam failure liability coverage for Forest Lake Reservoir. The dam failure coverage, as indicated in earlier meetings, had been reduced from \$20 million to \$10 million, and the cost of the premium to bring coverage back up to \$20 million was estimated to be \$17,000 in addition to the \$6,500 paid, contingent on El Toro Water District purchasing coverage in conjunction for \$33,000, for a combined total of \$50,000 for both agencies. Mr. Kilic felt that the cost of the premium was excessive and would continue to seek options. He noted that information on the coverage issue will be relayed to the Reclamation Management Committee.

MOTION 09-10-02

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to approve the *Check Register* for September 2009.

Proposition 1A Securitization Program Receivables Purchase / Sale Agreement

The Board received and reviewed the Deputy General Manager/CFO Report on the California Communities joint powers authority *Proposition 1A Securitization Program*

wherein local governments could receive monies being borrowed by the State upfront, in the District's case \$808,000. He stated that the bonds collateralized by Proposition 1A receivables are scheduled to be sold on November 19, 2009. If the bonds could not be sold, then there would be no other option for the District but to wait for repayment of the loan by the State in June 2013. If the bonds do sell, then the local agencies will receive the payments in two equal installments, one January 15, 2010, then May 3, 2010, dates that coincide with the dates that the State will take the money from local governments.

MOTION 09-10-03

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried to adopt *Resolution 09-22* authorizing the execution of a purchase and sale agreement for the sale of the District Proposition 1A receivables from State of California.

Annual Audited Financial Statements and Independent Audit Report

The Board received and reviewed the Annual Financial Statements with Independent Auditor's Report for the Fiscal Year Ended June 30, 2009. Mr. Kilic introduced auditors Mike Nolan and Autumn Rossi of Hayashi and Wayland Accounting and Consulting LLP. Mr. Nolan highlighted the audit for the board, noting the unqualified "clean" opinion. In response to director Verhasselt, Mr. Nolan said the Governmental Accounting Standards Board ("GASB") Statement No. 54 fund balance reporting and governmental fund definitions could be found on the GASB web site at www.gasb.org; and he would provide a copy of the information. Mr. John Tormey inquired as to the relative size of the net assets of the District; Mr. Nolan stated that the District's assets were substantial in comparison to similar sized agencies. Mr. Tormey stated he had found a recommendation in the audit relating to revisiting estimates more than once per year. Mr. Nolan stated that the recommendation was not to be critical and it is included as a standard audit practice since the larger estimates may have a significant impact on the financial statements. Director Verbanec felt that review of estimates were currently addressed monthly and provided to the board and felt that was very sufficient. Mr. Nolan commended District staff for its professionalism and assistance. Ms. Rossi also commended staff and thanked all involved. She relayed the required communication to the board for the audit at the pre-engagement and wrap-up levels. Mr. Tormey addressed the board: Congratulations to the Board for its wise and prudent policy making in fiscal year 2009; thanks and appreciation to the management and staff for the highly successful passage of the annual audit; and applause for the noticeable splendid artistic layout and photography in the report presented. Mr. Kilic acknowledged Nancy Johnson and Marianna Escareno for their high standards and great execution over the past year.

FIRE PROTECTION

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department activity report for September 15 – October 14, 2009. Chief Carreiro deferred to General Manager Niccum who announced that Fire Chief Haines, who sent his regrets for not attending the meeting, would be retiring in December. Chief Carreiro noted that General Manager Niccum would be part of the new chief recruitment process, and gave an overview of the Cal Fire hiring process. The assistant chief or assistant regional chief would fill in as interim until the new chief is designated.

Chief Carreiro reported that the fire season was winding down however the department was still fully staffed. The response to the 35 calls during the October 13th storm was handled very well. The Citizens Needing Assistance program currently has 246 enrollments. Fire defense clearance issues would be synopsisized and presented at next month's meeting.

MAINTENANCE, ENGINEERING, AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *Engineering Report of Utilities Operations and Maintenance for 9/17/09 – 10/23/09* prepared by Associate Engineer, J.T. Rethke, who gave an overview of the report. Mission Linen is located within the District and served by a dedicated sewer main line. Fumitoxins have been used effectively to reduce the gopher population at the reservoir. Director Froke recommended that a test area be seeded with native grasses which may be a natural alternative to fumitoxins for controlling populations. The damaged slide gate in the outlet structure in Forest Lake Reservoir was replaced and 800 sand bags were successfully removed from the damaged slide gate area.

Proposed Seawall Project Above Stillwater Cove

General Manager Niccum introduced John Kasunich and Mark Fox from Haro, Kasunich and Associates and Jerry Burnett of Pebble Beach Cypress LLC, owner of 1476 Cypress Drive. Mr. Kasunich presented slides of the proposed seawall project located adjacent to the District sewer line above Stillwater Cove. Mr. Fox stated he submitted a preliminary review package to the Coastal Commission on July 1, 2009; staffer Dan Carl had responded that review of the preliminary application package had been delayed due to staffing shortages. Mr. Niccum stated that the District has been cooperating with the property owners and has offered to replace the existing clay sewer main adjacent to the proposed project that was originally constructed in the early 1970's. The proposed project may provide an opportunity to divert dry weather storm water runoff from two drain lines that enter the cove nearby. Mr. Niccum estimated District costs for the project would be in the \$200,000 to \$300,000 range. The item was informational at this point since it was unknown when the project would move forward.

PBCSD Capital Improvement Projects

Assistant Engineer Christina Baca highlighted her report on the monthly status of *Capital Improvement Program* projects. The staff met with Aurum and Whitson Engineers regarding undergrounding of utility lines and was pleased with the outlined approach provided. The scope of work and fee proposal of \$45,000 would be provided at the December 11th board meeting. Mr. Niccum stated staff would look into contracting with a crew for power restoration during storm events as suggested by Director Verbanec.

Purchase of 6-inch Portable Wastewater Pump

The Board received and reviewed the *Engineering Report* regarding purchase of a 6-inch portable wastewater pump. There were no questions or comments.

MOTION 09-10-04

It was moved by Director Hornbuckle, seconded by Director Laska, and unanimously carried, to adopt *Resolution 09-23* declaring the bid from Godwin Pumps of America, Inc. as the lowest responsible bid and authorize the purchase of a 6-inch, automatic, self-priming, trailer-mounted, diesel-driven, centrifugal, wastewater pump with critically silenced sound attenuation enclosure in the amount of \$35,469.24.

Sanitary Sewer Management Plan

The Board received and reviewed the *Engineering Report* regarding the District Sewer System Master Plan required by the State Water Resources Control Board ("SWRCB"). Assistant Engineer Baca responded to questions from the Board.

MOTION 09-10-05

It was moved by Director Laska, seconded by Director Verhasselt, and unanimously carried, to certify the updated Sewer System Management Plan required by the State Water Resources Control Board Order No. 2006-0003 – Statewide General Waste Discharge Requirements for Sanitary Sewer Systems.

CAWD Board Meeting

Director Hornbuckle attended the October 22, 2009 CAWD board meeting and provided a written report. The microfiltration membrane filters were 100% operational however investigation continues as to why the system units failed initially. California American Water provided potable water to the project without exceeding the Carmel River diversion limits.

California American Water (“Cal-Am”) Cease and Desist Order (“CDO”)

General Manager Niccum relayed regrets from California American Water General Manager, Craig Anthony that he was unable to attend today’s meeting. This topic would be presented in a panel forum at the DMFPO semiannual meeting to be held Sunday, November 15, 2009 from 2-4 p.m. at the Inn at Spanish Bay, the meeting is open to all community members. Mr. Stilwell reported that the SWRCB had adopted the CDO. Cal-Am and Monterey Peninsula Water Management District each had subsequently sued SWRCB. Pebble Beach Company water entitlements were exempted from the moratorium terms of the CDO, but only until 2016; PBCo would be seeking to have the SWRCB strike the 2016 limit from the revised CDO. Foreseeable rationing could reduce reclaimed water production.

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 October 16, 2009. Director Laska responded to comments from the board.

Household Hazardous Waste and E-waste Collection Event

The Board received and reviewed the Deputy General Manager Report regarding the District Household Hazardous Waste Collection Event held on Saturday, September 26, 2009 from 9 a.m. to 2 p.m. Mr. Kilic stated that 324 vehicles attended. Mr. Niccum stated that staff felt the event was worthwhile and requested it continue to be held. The Board concurred that another event should be scheduled for 2010. Mr. Niccum complimented Mr. Kilic, administrative, maintenance and fire department staff on an event well done.

GENERAL GOVERNMENT

Special District Association of Monterey County

Mr. Kilic reported on the meeting held October 20, 2009 in Soledad. There was no quorum however 25 to 30 people were in attendance. The general manager of the Moss Landing Harbor District was seriously injured in a vehicular accident and was to be discharged from the hospital next week. Monterey County Supervisor Simon Salinas was the guest speaker at the meeting. Kate McKenna reported an opening for a special district representative on the LAFCO board with Tom Perkins completing his term in May 2010. Individuals nominate themselves around February 2010 and special districts then vote on the nominees.

Supplemental Law Enforcement Services Available from Monterey County Sheriff

The Board received and reviewed the Deputy General Manager Report regarding enhanced law enforcement services that can be provided by the Monterey County Sheriff. The report was provided for information only at this time and Mr. Kilic responded to questions from directors.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

The Fall/Winter newsletter, a draft copy of which was provided to directors, was scheduled for distribution next week. DMFPO would be hosting a presentation Sunday, November 1, 2009 2-3:30 p.m. "Boomers on the Edge" by the Alliance on Aging in the PBCSD boardroom. The election of District officers would be conducted at the December 11th meeting as well as a formal welcome to two board members reelected. Historically the General Manager and District Counsel are evaluated during the December meeting each year however Counsel Wellington has a conflict and cannot attend the meeting on the 11th. The board concurred to postpone the evaluations until the January 2010 meeting.

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 that he attended the Finance Conference held by the Special District Institute ("SDI") October 22-23, 2009 in San Diego and received the certificate. He has completed both the California Special District Association and the SDI conference series.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 11:54 a.m. a motion was made to adjourn.

MOTION 09-10-06

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, December 11, 2009 at 9:30 a.m. in the District Board Room at 3101 Forest Lake Road.