



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
February 7, 2019

MINUTES

REGULAR SESSION BEGAN AT 7:31 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Boyd, Slater-Carter, Harvey, Marshall and Lohman

Directors Absent: None

Staff Present: General Manager, Clemens Heldmaier
District Clerk, Tracy Beardsley

Others Present: District Counsel, Christine Fitzgerald

PRESIDENT'S STATEMENT –

Director Slater-Carter indicated that the District is doing well.

ORAL COMMENTS -

Gregg Dieguez, Montara resident: I've applied for an open position on the MCC, and my concern is that in order to make the right decisions for the mid-coast, we need to have a understanding of some of the dynamics that have gone on—not only in this District, but SAM, Granada and so forth. I am aware that there are two or three lawsuits, people can't talk about certain things, and there are articles and editorials flying around in the Half Moon Review--thank you for your attempt there,

Ric. But we have to have a fact-based foundation for understanding the right policy decision criteria and ultimately plans and decisions we need to make. So, my request of the Board--and I can't make it too specific--is would someone please explain the history of SAM and Half Moon Bay, and how they did or did not undermine the success of the jointly owned entity? We need to have that as a basis to present to the community so that we can reach a rational decision at some point. I don't know when I can ask you to do that, or how much to ask you to disclose; but whether I get appointed to the MCC or I'm just a rabble-rouser, people ought to have some shared understanding of the evidence. Thank you.

Director Slater-Carter: I'm sure any one of us would like to sit down with you and give you our personal opinion, but if we wanted to do it as an agenda item, it would have to be very neutrally fact-based. We can always do that at a future meeting. But, going out and having a beer with any one of us would be far more fun. Thank you for your comments.

PUBLIC HEARING - none

CONSENT AGENDA

1. Approve Minutes for January 17, 2019
2. Approve Financial Statements for December 2018
3. Approve Warrants for February 1, 2018
4. SAM Flow Report for December
5. Monthly Review of Current Investment Portfolio
6. Connection Permit Applications Received
7. Monthly Water Production Report for December 2018
8. Rain Report
9. Solar Energy Report
10. Monthly Public Agency Retirement Service Report for November 2018

Director Boyd moved to approve the Consent Agenda and Director Lohman seconded the motion. All Directors were in favor and the motion passed unanimously 5 – 0.

OLD BUSINESS – None

NEW BUSINESS -

1. **Review and Possible Action Concerning Sewer Authority Mid-Coastside FY 18-19 Interim Budget Amendment.**

General Manager Heldmaier: At the last SAM meeting, January 28th, the SAM Board approved a budget amendment for distribution to the member agencies. The Sewer Authority is asking for an additional \$328,000 dollars, a 5.4% overall budget increase to this current year's budget. Our share of this is approximately \$67,568

dollars. The items it is for is \$100,000 for additional legal services for the ERF lawsuit, accounting services of \$60,000 dollars, and fire control panels, sprinklers, etc.—those are permit requirements that were triggered which amounts to \$68,000 dollars. The majority of these items were already approved by the SAM Board for use. SAM is now asking to recover these costs through a mid-year budget amendment. The recommendation is to adopt the resolution of the Montara Water and Sanitary District consenting to approval of Amendment to Sewer Authority Mid-Coastside General Budget for Fiscal Year 2018-2019.

Director Lohman: A budget is always a budget, which isn't locked into law. If you find things that pop up during the year like these electrical panels they need and other things. SAM employees are in danger—when you are working with big electrical equipment, you just have to fix it. The legal fees, as Clemens mentioned, with the suits going on right now from some environmental groups about the spill, the attorney's contract has been extended until the end of June. Someone has to attack the lawsuits. He has to do it, and there is an upper limit set. I forgot what the other item was.

Director Slater-Carter: It was Accounting Services, which was recommended by the auditor.

Director Lohman: Years ago, we started reducing SAM's reserves. If SAM had normal reserves, they probably could have picked up some of these things. I believe, I remember years ago, the Districts pulling back on the reserves, saying stuff like “why should SAM have the reserves? The Districts need the reserves and if SAM needs money we will give them more money.”

Director Boyd: More than once, when it came time to fund items in the budget that we really needed to fund, I don't remember how many occasions we did this, but I remember, sometime back in 2009, 2010, 2011, or 2012—somewhere in there, Half Moon Bay was facing some real tight fiscal constraints due to lawsuits of their own. Montara and Granada agreed to fund some projects from reserves rather than get those from charges to the member agencies. Through some of that work, that starting drawing down reserves, basically paying for operating expenses out of savings instead through operating revenues from the member agencies. So that is one reason, on more than one occasion, that we started drawing down on reserves with the idea that we would start to replenish those, and in recent years getting agreement to do that has been increasingly difficult.

Director Lohman: We had a brief discussion about the whole reserve thing, and I believe the President accepted my recommendation to put it on the agenda for the next SAM meeting, which is a re-evaluation of the reserve policy. So, we will be looking into that, and looking for feedback from everybody, including the managers on how to deal with reserves, so we don't have to go through this process all the time.

Director Boyd: I am familiar with 5 of the 6 items. The 6th one is the electrical work, and that is \$15,000 dollars. You get my recommendation—that is very strong, and the others—the legal services, the ERF lawsuit—we need to do this. The accounting services, I strongly supported that when I was on the SAM Board—so it has to get paid for. The inspections...I'm supporting this. I don't like these things coming in this late in the year, but mostly it's the exceptional things. I would like to see us get into a posture—this might be feedback for our representatives--where a regular inspection regimen is budgeted for. The inspection for the bus duct and other key pieces of infrastructure is just part of the cost of doing business. We should encourage SAM to have that in the budget and spend that money on a regular basis.

Director Slater-Carter: I think that is a good plan, and SAM, through Beverli, the General Manager and staff, has been creating check lists and programs of inspection and keeping track of things. Once this lawsuit is finished, SAM will be able to move towards getting itself in to the 21st century in terms of maintenance, repair, inspections and so on. One of things we need to work on, as you and Ric mentioned, is our reserve policy, so SAM doesn't need to come back to the agencies. It may boost our payments to SAM, because they are kept artificially low by not having a reserve. If SAM can work to create reserve funds or an accounting system that has designated funds for these kinds of things we will be able to take care of a lot of these problems. And with the revolving door at SAM and all the managers, and interim managers, it has left SAM in a weak position in terms of taking care of itself. What I see happening at SAM now is they have excellent staff, good management, and they are moving forward as they should be.

Director Harvey: Thank you, Ric for the background. I was there 10 years ago, and we talked about the reserves. We were promised that the following year, we would build the reserves back up, but it didn't quite work out that way.

Director Harvey moved to adopt the resolution consenting to approval of Amendment to Sewer Authority Mid-Coastside General Budget for Fiscal Year 2018-2019, and Director Boyd seconded the motion. All Directors were in favor and the motion passed unanimously 5 – 0.

2. Review and Possible Action Concerning Wagner Well Rehabilitation and Water Main Replacement Project Authorization to Bid.

General Manager Heldmaier: I think the title says it all. We need to replace almost all of the above ground structures at the Wagner well. This does not have to do with the well itself--the below ground well is in perfect condition. We also need to replace the pipe that goes to the Drake well. They are old structures—the Wagner well was one of the first wells in the District. The first owner of the water system in Montara was Mr. Wagner and he drilled this well. We attached bid documents for review, and are recommending to adopt the resolution of the Montara Water and Sanitary District approving contract documents, including design, plans and

specifications, for the Wagner Well rehabilitation and water main replacement project; authorizing and directing advertisement for bids therefor; determining project exempt under California Environmental Quality Act and authorizing and directing filing Notice of Exemption. Cost will be approximately \$200,000 dollars for the project.

Director Marshall: Capital improvements—love it. I think it is important that we continue to move forward with that. Infrastructure is important to the District, making sure that we are maintaining and staying ahead of the game as opposed to falling behind. So, from my perspective, I have no issues with this.

Director Boyd: I am in agreement with Eric. Thank you for all the details in this—I appreciate that.

Director Slater-Carter: This is a great project. How many people are aware that on 6th Street we are doing a sewer main replacement? I haven't seen any signage, and I had to stop and ask the workers. I would like to see signs telling the public what we are using their money for, at both ends of the project, and also explaining why the traffic is being slowed down below the normal 20 miles/hour. We really do need to be in the habit of making sure those signs are up, and that they are well placed and maintained. We are spending a lot of money on this, and I want people to know what we are doing. I am proud of what we are doing.

Director Marshall: That is similar to what the County does with their tax dollars—you saw where they are doing that. I think it important that we advertise ourselves, this is where your dollars are going to.

General Manager Heldmaier: We usually do this with every project. I know the beginning of the project was in difficult locations, and now that we are in the streets, we will look into the signage.

Director Slater-Carter: Please, because it is exciting stuff.

General Manager Heldmaier: Absolutely.

Director Boyd moved to adopt the resolution of the Montara Water and Sanitary District approving contract documents, including design, plans and specifications, for the Wagner Well rehabilitation and water main replacement project; authorizing and directing advertisement for bids therefor; determining project exempt under California Environmental Quality Act and authorizing and directing filing Notice of Exemption. Director Marshall seconded the motion, an all Directors were in favor and the motion passed unanimously 5 – 0.

3. Review and Possible Action Concerning Confirmation of Officer's Appointment to CSDA.

General Manager Heldmaier: This goes back to a request from Director Lohman. There have been difficulties at CSDA local chapter to get a quorum of eligible voters for the major actions and at the next will be the LAFCo vote. CSDA asked for confirmation of who will be representing Montara. I already sent them confirmation electronically that it will be Ric, and they have requested some paperwork that we are going to submit. In any case, we want to support this and ensure that Ric can vote on Tuesday. We also want to make sure that any other Directors, in lieu of Ric, has the right to sign and vote for us. Our recommend is to adopt the resolution of the Montara Water and Sanitary District confirming appointments to the California Special District's Association for the calendar year 2019.

Director Lohman: These are official LAFCo procedures. The technical voter is always the President of the District. So, if the President of the District can't attend and vote for the LAFCo rep, we are required to create a resolution authorizing someone else to vote, because the President can't be there. So that what this is—so we can represent our District on this particular vote.

Director Slater-Carter: The CSDA is the California Special District's Association. There is also a San Mateo County chapter and it is an organization formed by the special districts that lobbies and works to keep people aware of special districts and the importance they have in local communities. For instance, many cities have sewer and water functions, but they never have meetings about sewer improvements, or inform people of the real improvements made in their systems. All of that is done by staff in the background. CSDA, special districts, are very dedicated to making sure the public knows what their money is being spent on and in fact, under State law, we are limited to what we can spend our money on, so you will see during the budget process exactly where our money is going, and it goes to the functions of our District. So, the public gets direct benefit that way.

Director Slater-Carter made a motion to adopt the resolution of the Montara Water and Sanitary District confirming appointments to the California Special District's Association for the calendar year 2019. Director Boyd seconded the motion and all Directors were in favor and the motion passed unanimously 5 – 0.

4. Review of New Intake Structure for A.V.T.P. (Alta Vista Treatment Plant)

General Manager Heldmaier: This item was mentioned at the last meeting and we thought it important enough to include it as an agenda item. Attached are pictures in the packet. The original was an old deteriorated box, a simple structure. Our staff did a tremendous job constructing this, using new technologies. It is shown here, using new filter technologies, and is self-cleaning. The entire structure is made of NSF-61 approved material. It was constructed here, taken apart, taken to the site, and then re-assembled. We also established access to the site with the addition of bridges. All in all, this was only possible by establishing access to the site, and we built a couple of bridges that allowed us to get up there. With the

exception of the two new Directors who recently toured it, you have not been able to see the diversion box, simply because it was not accessible.

Director Slater-Carter expressed interest in seeing the site.

General Manager Heldmaier: It allows us to run the plant through rain events, which was a real issue before. It is an increase in our water supply now that we have this box and I want to congratulate our team in implementing this design, and constructing the box. It works flawlessly, and we are really happy with it.

Director Harvey: And it using the Coanda-Effect. It's really cool.

General Manager Heldmaier: It does.

Director Boyd: I'm guessing, it is similar to a colander. It has holes that stuff can go through, and the holes are small enough...

Director Slater-Carter: It's self-cleaning. That is pretty cool. This is functioning now?

General Manager Heldmaier: It has been up and running for the last month and a half, and we have had positive results so far.

Director Slater-Carter: With the storms coming it, it will be a good test.

Director Slater-Carter: I have a request. For our website, things like this should be there—maybe on the Current Events section, and notes about our Wagner well and the new mainline.

General Manager Heldmaier indicated that there would be some adjustments in the Wagner well design, and preferred not to include design documents on the website.

Director Slater-Carter indicated that a general statement about the Wagner Well, with some bullet points, would be sufficient, so that people know what is going on.

Gregg Dieguez: As the volunteer assistant for the proposed newsletter, I think there are three agenda items so far today. The 6th street main replacement--where you want the signs, the Wagner well, and then this, which ought to be journaled for the newsletter.

Director Slater-Carter: Good point, thank you.

5. Receipt of the Association of California Water Agencies Joint Powers Authority President's Special Recognition Award.

General Manager Heldmaier: We switched insurance companies in 2013 to ACWA JPIA for our Workers Compensation insurance due to the high comp rate we had with the prior insurance. The comp rate is a factor and what goes mainly into that factor is the number of injuries that we had. There was a series of smaller reportable injuries that we had prior to 2013. All together this works with a 3 year lag—how that factor is applied. And that is why, at one point, it accumulated so that in 2012, we spent over \$60,000 in workers comp insurance. ACWA JPIA has done a tremendous job working with us, compared to the prior insurance. They come in on a regular basis and seek contact with us, help us implement programs that increase the safety for our workers, and it has paid off—and that is what we are showing here. Our factor dropped from 2.12 to currently 0.85, and we will be paying about \$15,000 dollars. So, it was certainly worth the effort, and this is acknowledged through the President’s Special Recognition award.

Director Slater-Carter: that is a tribute to you and staff. We have a while to go before we catch up with SAM.

Director Lohman: At the SAM meeting, we had a brief discussion about SAM’s safety record, and how many days without an accident. It was such a large number I forgot what it was.

Director Slater-Carter: Yes, it was 3000 something days. It was an amazing number.

Director Slater-Carter: Congratulations and thank you.

6. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting February 21, 2019.

General Manager Heldmaier recommended that the second meeting, February 21st be cancelled, and schedule the next meeting for March 7th. If something comes up, the meeting can be re-instated or a special meeting could be initiated.

Director Lohman: How does this match up with legal meetings that are scheduled?

Director Slater-Carter: We have something to discuss in closed session tonight, and the next meeting with the judge is in April.

Director Lohman: And we can talk about this more later this evening.

All Directors were agreement.

REPORTS

1. Sewer Authority Mid-Coastside Meeting (Slater-Carter & Lohman) –

Director Lohman: I think we hit the big things—the budgets and SAM’s amazing safety record. We had a lot of discussions about the details of the budget bumping up.

Director Slater-Carter: The important thing was the mid-year budget. One other thing that has been accomplished with the Finance Committee—special thanks to Barbara Dye—is we have been putting together a budget process that was developed by the SAM Finance committee with a timeline, so everyone is clear on what agencies, what SAM, and what committees are supposed to do by when. They are the theoretical deadlines. In the past couple of years, we have had some confusion, some stalling in getting things done, and finger pointing. It’s not good for SAM and the Agencies. We put this together and are optimistic that it will help clarify and make things more transparent to the public.

Director Lohman: we will also be talking about the reserves which we already talked about.

Director Slater-Carter: We asked the attorney for SAM to stay until the end of the fiscal year for SAM. And at the OPs committee, we are thinking about extending his contract another year, but that is something that needs to be discussed by the Board. With the lawsuits going on, it is better to have one conductor for the whole concert rather than stepping out in the middle. We are optimistic that it will happen. The next agenda is Monday night.

Director Boyd: All the agendas are posted on the SAM website at samcleanswater.org.

Director Slater-Carter: for the next meeting coming up, the big items is the *History of Flare Repairs and Cost of Long Term Solutions*, which is rather interesting. The flare is an expensive piece of equipment, and is need of major repairs. I’m glad SAM is looking for alternatives.

2. Mid-Coast Community Council Meeting (Slater-Carter) –

Director Slater-Carter: There is a vacancy.

Gregg Dieguez: A decision should be made by February 22, 2019.

3. CSDA Report (Lohman) – None (no meeting)

3. Attorney’s Report (Schricker) – Not present

District Counsel Christine Fitzgerald: I’m Christine Fitzgerald, and will be sitting in for Dave Schricker, who was unable to attend.

5. Directors’ Report –

Director Harvey: There is a site that is really cool. It is called a wind map and it shows the wind direction throughout the Country. It’s a dynamic thing and it is pretty accurate, so when a storm comes to the Coast, the wind comes from the

South and you can see it coming. And the website is hint.fm/wind/ and it shows the storms moving across the Country, the wind direction—it's just amazing. It's better than any weather forecast and it is very accurate.

General Manager Heldmaier also recommended [//earth.nullschool.net/](http://earth.nullschool.net/) which is impressive. It is a digital globe that you can turn.

Director Boyd said his favorite site is ventusky.com, and mentioned how windy it gets in Montara.

Director Slater-Carter requested that anyone who wants an agenda item added to please email it to her and Clemens as soon as possible. She also said that the person requesting the agenda item is responsible to provide the background and the information for it. Regular District business will be attended to as it can.

6. General Manager's Report (Heldmaier) – None

District Counsel Fitzgerald: President Slater Carter, we do have a litigation matter, the first one, the *City of Half Moon Bay* on the Closed Session agenda, and it has come to my attention there may be potential conflicts of interest with two our Directors. Since the potential conflicts have been raised, the individual directors have an opportunity, at this point, to declare the potential conflict and their intention to recuse themselves, if there is a conflict. If this were to occur, it should occur now, in open session, so we have a record, and I recommend that once we convene in closed session that no discussion take place on litigation, until and unless, the directors recuse themselves or we make a determination as to whether there is a conflict and how to proceed making that determination.

Director Slater-Carter stated that the agenda item in question will be moved to the last agenda item, so that the directors can be present for the other closed session agenda items. The open session was then adjourned, and a brief break was announced before re-convening for the Closed Session.

FUTURE AGENDAS

ADJOURNMENT

REGULAR MEETING ENDED at 8:20 P.M.

ADJOURNMENT

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code § 54956.9(d)(1))**

**Case Names: Regional Water Quality Control Board v. Sewer Authority
Mid –Coastside (ACL Complaint No. R2-2017-1024)**

**Regional Water Quality Control Board v. Montara Water
and Sanitary District (ACL Complaint No. [unspecified])**

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code § 54956.9(d)(2))**

**Significant Exposure to Litigation
Number of cases: 2**

The Board re-convened in open session where the following statement was made by Director Slater-Carter:

Out of an abundance of caution pending resolution of questions surrounding potential conflicts of interest, Director Marshall and Director Harvey recused themselves from discussion in closed session on the item *Half Moon Bay vs. Granada Community Services, District, et al.*, and absented themselves from the meeting.

Director Harvey stated he agreed with the statement.

Director Marshall stated he agreed with the statement.

Both Directors left the meeting at 9:37 p.m.

The open session was then adjourned and the Board re-convened to closed session on the following closed session item:

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code § 54956.9(d)(1))**

**Case Name: City of Half Moon Bay v. Granada Community Services
District, et al. (Santa Clara County Super, Crt. No.
17CV316927)**

ADJOURNMENT

Respectfully Submitted,

Signed _____
Secretary

Approved on the 21st, March 2019

Signed _____
President