

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of October 27, 2006
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 27, 2006. Board President Gary D. Hornbuckle called the meeting to order at 9:35 a.m.

ROLL CALL

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

Absent: Director Jeffrey Froke

Others Present

Craig Anthony, General Manager

Laura Paxton, Board Clerk, Paxton Ad Hoc

Robert Wellington, Legal Counsel

Suha Kilic, Finance Officer

Joyce Hamza, Accounting Assistant

Michael Niccum, District Engineer

George Haines, Fire Chief, CDF, San Benito-Monterey Counties Unit

Steve Robertson, Operations Battalion Chief, CDF

Nancy McCullough, Member, DMFPO Traffic/Safety Committee

Mark Stilwell, Executive Vice President, Pebble Beach Company ("PBCo")

John Tormey, Pebble Beach resident

Spencer Thompson, Member, DMFPO Traffic/Safety Committee

Kim Caneer, Pebble Beach Resident

Cheryl Burrell, Pebble Beach Company

Vinod Badani, Vice President, E2 Consulting Engineers

Paul Nowinski, Kasavan & Pope LLP

APPEARANCES AND ORDER OF BUSINESS

There were no appearances. President Hornbuckle requested that item 16 be moved earlier on the agenda, to be taken up when the California Highway Patrol officer arrives at the meeting.

MINUTES

MOTION 10-06-01

Moved by Director Verhasselt, seconded by Director Verbanec, and unanimously carried, to approve the minutes of the regular Board meeting held September 29, 2006.

FINANCIAL MATTERS

Mr. Kilic introduced Mrs. Joyce Hamza, the District's new Accounting Assistant.

Statement of Receipts and Disbursements and Budget Report

The Board received and reviewed the *Statement of Receipts and Disbursements* and *Budget Report* for September 2006. Mr. Kilic responded to a question from the Board.

Check Register

The Board received and approved the *Check Register* for September 2006. There were no questions or comments.

MOTION 10-06-02

Moved by Director Verbanec, seconded by Director Laska, and unanimously carried, to approve the *Check Register* for September 2006.

PBCSD Annual Financial Statements and Independent Audit Report

The Board concurred to delay this item until the arrival of Mr. Paul Nowinski of Kasavan & Pope LLP, who is delayed in traffic.

FIRE PROTECTION

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department operations report for July 2006. Chief Haines reported that there had been no further reports of wildland fires in the Forest to add to the report, although some had occurred in the Jack's Peak area and are being investigated by CDF. Due to weather conditions, operations have been conducted under a "red flag warning" (high winds/lower humidity) for the last 2-3 days with increased staff and heavy patrolling of the fire roads. The new paramedic response vehicle was received by the District and is being equipped for service; a Westmed ambulance is being used in the interim.

The contracted emergency response service, Westmed Ambulance, is not meeting response standards within the County. A meeting next week will provide details as to the reasons for delayed response. Chief Haines responded to questions from the Board.

Fire Defense Capabilities within Pescadero Canyon

Chief Haines reported that proposed construction of a 265 linear foot firebreak across the small canyon between the end of Fire Road 23 at the sewer easement to below and behind Sunridge Pines looks to be the plan best suited for fire defense in the area. The proposed shaded fuel break follows the sewer easement below Sunridge Pines. He estimated completion by the spring of 2007. The area is located in a state-classified "blue line" stream environment and would require clearance from the State Department of Fish and Game.

GENERAL GOVERNMENT

Enhanced Law Enforcement Program Update

Mr. Anthony reported orally that there are 3 radar display units operational. He reviewed the submitted radar display unit information sheet. Sergeant Shannon Stumbaugh, California Highway Patrol, submitted a chart of citations issued in twelve areas of the Forest and reported on the traffic enforcement being undertaken by patrols operating under the new District/CHP contract for enhanced law enforcement. An overall reduction in vehicle collisions has been noted, and residents contacted have expressed support for the program. The basic speed law and officer discretionary enforcement were discussed. 115 citations had been issued since program inception with minimum public upset.

FINANCIAL MATTERS

PBCSD Annual Financial Statements and Independent Audit Report

Paul Nowinski, Kasavan & Pope LLP, presented the *PBCSD Financial Statements with Independent Auditor's Report* for Fiscal year ended June 30, 2006. The *Management's Discussion and Analysis* and the footnotes highlight the main points of the reports. Mr. Nowinski reported no adjusting journal entries were required, and commended District staff for excellent accounting procedures and accuracy. Director Verhasselt noted that his middle initial is incorrect on page 2, and that "judiciary" on page 29 1 D Cash and Investments second line should be "fiduciary." Director Verhasselt questioned whether the depreciation of subsurface lines should be broken out into clay and plastic categories since plastic has a significantly longer life. President Hornbuckle suggested the issue be considered at the upcoming Strategic Planning meeting. Currently, this item of depreciation is reported according to past District practice and serves the purpose of these reports. Mr. Kilic noted that the District's reserve policies are included in the District's Long-term Financial Plan which is posted to the PBCSD website. The

Plan is updated and presented for the approval of the Board each year in April. Mr. Kilic and Mr. Nowinski responded to additional questions from the Board.

MOTION 10-06-03

Moved by Director Verbanec, seconded by Director Hornbuckle, and unanimously carried, to accept the *PBCSD Annual Financial Statements and Independent Audit Report for the Fiscal Year ended June 30, 2006, as submitted.*

FIRE PROTECTION

Fire Department/EMS Program Review

Chief Haines presented slides and gave an oral overview of the District Fire Department and EMS Program. Director Verhasselt requested that the National Fire Protection Association standards with the District Fire Department ranking be presented to the Board annually for review. Mr. Anthony stated that the information requested by Director Verhasselt would be made available during the District's Strategic Planning session in early 2007. Chief Haines responded to questions from the Board.

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 9/22/06 – 10/19/06. There were no questions from the Board or public.

PBCSD Capital Improvement Projects

District Engineer, Michael Niccum, reviewed orally his monthly status report on capital improvement projects and responded to questions from the Board.

Recycled Water Storage Tank Rehabilitation Project

Mr. Niccum showed slides and reported on the status of the project to rehabilitate the 2.5 million gallon storage tank used to store recycled water. The steel tank was constructed in 1993, and the ceiling is not cathodically protected and is rusting. The Reclamation Management Committee budget allotted \$100,000 for the project upgrade, however the estimated cost received from contractors is \$150,000. The issue will be taken to the Reclamation Management Committee to request additional funds, and then be brought back to the Board in the form of a resolution. Mr. Niccum responded to questions from the Board.

Water System Improvements for Fire Protection Program Review

Mr. Niccum presented an overview of the District water system improvements for fire protection with slides showing the water system layout, upgrades and potential

upgrades, and associated costs. Mr. Niccum responded to questions from the Board.

CAWD Board Meeting

Director Verbanec attended the Carmel Area Wastewater District Board meeting held October 26, 2006. Mr. Anthony reviewed orally the highlights of the meeting. CAWD is proceeding with the design phase of the MF/RO project and concluded at a meeting yesterday a main agreement on open issues. Director Joyce Stevens will be retiring from the Board. A public hearing is being held December 28, 2006, regarding the Proposition 218 increase in the CAWD fee structure.

CAWD Meeting Assignment

Director Hornbuckle accepted the assignment to attend the CAWD regular Board meeting on Thursday, November 16, 2006 at 9:30 a.m. in the CAWD Boardroom at 3945 Rio Road, Carmel.

SOLID WASTE MANAGEMENT

Director Laska reviewed orally the submitted report of the meeting of the Monterey Regional Waste Management District ("MRWMD") held on October 20, 2006. Kasavan and Pope, LLP, conducted an audit of MRWMD financial statements and presented their report at the meeting. Most of the meeting was spent in closed session negotiating the possible sale of property near the landfill to the Monterey County Water Resources Agency for placement of a rubber dam. Union labor contracts were also negotiated during the closed session.

GENERAL GOVERNMENT

Safety Committee Meeting

The Board received the Safety Committee minutes for the meeting held on October 6, 2006. There were no questions or comments.

Alternative Board meeting dates for November and December 2006

The Board concurred and set the next scheduled meeting date for Friday, December 8, 2006, at 9:30 a.m. at the PBCSD Boardroom. Election of officers will be conducted. A closed session is planned for review of the performance evaluations for the District general manager and legal counsel.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Mr. Anthony announced that the District newsletter would be distributed in November. The District website is undergoing an update. A beta test of upgrades to the District geographic information systems will be conducted in

the near future. District Finance Officer Kilic may give a presentation at a large information technology company's annual conference in Southern California in June 2007.

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 Verhasselt submitted a written report on his attendance at the California Special District Association conference on governance, Module 3 – the Board's Role in Finance and Fiscal Accountability.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 12:09 p.m. a motion was made to adjourn.

MOTION 10-06-04

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, December 8, 2006 at 9:30 a.m. in the District Boardroom at Forest Lake and Lopez Roads.