

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of December 8, 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 December 8, 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 D. Verbanec, Gerald F. Verhasselt, Jeffrey B. Froke

Others Present

Craig Anthony, General Manager
Laura Paxton, Board Clerk, Paxton Ad Hoc
Robert Wellington, Legal Counsel
Michael Niccum, District Engineer
George Haines, Fire Chief, CDF, San Benito-Monterey Counties Unit
Dennis Carreiro, Fire Prevention Battalion Chief, CDF
Tobi Adams, Director, Del Monte Forest Property Owners
Nancy McCullough, Member, DMFPO Traffic/Safety Committee
Mark Stilwell, Executive Vice President, Pebble Beach Company ("PBCo")
John Tormey, Pebble Beach resident
Vinod Badani, Vice President, E2 Consulting Engineers
Charlotte Townsend, Director, Carmel Area Wastewater District ("CAWD")
June Duran Stock, Member, Del Monte Forest Open Space Advisory Committee
Mark Verbonich, Vice President, Pebble Beach Company
Kim Caneer, Pebble Beach Resident
Christine Olson
Steve Olson
Harry Marks
Kathryn King

APPEARANCES AND ORDER OF BUSINESS

Finance Officer Kilic is absent today due to emergency eye surgery.

MINUTES

MOTION 12-06-01

Moved by Director Verhasselt, seconded by Director Verbanec, and unanimously carried, to approve the minutes of the regular Board meeting held October 27, 2006.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for October 2006. Mr. Anthony reviewed highlights of the report that will be presented and discussed under item 7 of the agenda, and answered questions from the Board.

Check Register

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

MOTION 12-06-02

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

Monterey County Treasurer's Investment Report

The Board received and reviewed the *Monterey County Treasurer's Investment Report* for quarter ended 9/30/06. The report is informational only.

Overview of Annual District Revenues and Expenditures, Reserve Funds, and Fees

Mr. Anthony reviewed orally District Finance Officer Kilic's overview report. Director Laska inquired whether the District could develop a rate stabilization reserve for solid waste collection, due to the semi-unpredictable cost variables involved with the hauler providing the service. Mr. Anthony responded that the current basic level solid waste collection is funded by user fees that are passed on to the franchise hauler for performing the service. Residents contact and pay the contractor directly if additional services are requested. A reserve fund could be set up to give relief to ratepayers if the District considers increased service levels in the future or if there is concern regarding the franchise hauler's cost variables increasing.

Mr. Anthony advised the Board of his plan to provide directors in January the existing Strategic Plan, with staff edits made for information no longer germane.

The Board concurred to hold a separate strategic planning meeting in February to set priorities, consider new programs, and give staff direction (i.e., to provide measures such as performance standards for the Fire Department). Director Verhasselt will bring up the topic of wastewater collection and fire service fee property tax assessments at the special meeting. Mr. Anthony stated that District revenue and expenditures and projections, as well as data for each District program, would be made available to the directors prior to the meeting. Strategic planning will aid in developing the preliminary budget in the spring.

Mr. John Tormey, Pebble Beach resident, made the following comments:

- 1) Current liquid assets are listed in the Finance Officer's Report however total assets are not indicated.
- 2) He questioned whether the four reserve funds are identified individually in the District's investment package.
- 3) Mr. Anthony responded to Mr. Tormey's third question stating that in order for any District reserve funds to be expended the Board must appropriate them and adopt them into the District's final budget. Director Verhasselt stated that Community Services District law provides controls on reserve funds and how they are managed. Funds cannot be borrowed back and forth between designations. Board authorization is required to release into the general fund any reserve funds determined to be no longer needed for a particular purpose.
- 4) Mr. Tormey requested that footnotes be added to graphs and tables in the report to help identify data included.

FIRE PROTECTION

California Department of Forestry and Fire Prevention ("CDF") Three-year Contract Extension

The Board received and reviewed the General Manager's Report regarding the three-year agreement with CDF for structural fire protection services. Negotiated CDF rates and benefits are the variables within the Agreement. The District can reduce levels of service to adjust for rate increases however further increases are not expected due to recent CDF equalizing rate adjustments. Director Verbanec and Verhasselt requested that alternative structural fire protection services such as contracting with an adjoining area fire department be explored during strategic planning.

MOTION 12-06-03

Moved by Director Froke, seconded by Director Laska, and unanimously carried, to adopt *Resolution No. 06-23* approving a new three-year structural fire protection Agreement with CDF for fiscal years 2006-07 through 2008-09.

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department operations report for October 2006. Chief Haines reported that there had been a series of fires between Jack's Peak and Pebble Beach related to the Sonado Road fire reported October 1st. An investigation appears to be making progress on identifying the cause. Paramedic vehicle number 6692, a Dodge Durango with specifications developed by paramedics, is in service and functioning very well. A State Electronic Digital Information System warning was received today for high surf up to 18' swells throughout the Peninsula between now and tomorrow night; remain clear of the water if near the beach.

Westmed Ambulance Co. is still struggling to try to meet contract standards. The Salinas Rural Fire Department has proposed staffing an engine with paramedic-trained firefighters to augment the emergency response on an as-needed basis.

The Board received and reviewed a memorandum submitted to the Board by David and Kim Caneer dated November 21, 2006 listing specific areas of concern relating to Pescadero Canyon fuel break maintenance, and a letter of response dated November 30, 2006, from Chief Haines with Assistant Chief Taylor addressing each point of concern. Kim Caneer, speaking on behalf of herself and other residents concerned with the fire prevention efforts in Pescadero Canyon, addressed the Board stating she had walked the canyon and took photos on November 6th and observed fuel reduction maintenance performed on the Fire Road 23 shaded fuel break did not meet her interpretation of Fire Defense Plan specifications. Director Froke urged concerned residents and Fire Department staff to perform a walk-through together to interpret the intention of the Fire Code and the Fire Defense Plan in the that area. Chief Haines will meet with Pescadero Canyon area property owners to enhance communication and understanding of the issues.

Fourth Priority Pipeline Replacement Project

District Engineer Niccum reviewed orally his report regarding the Fourth Priority Fire Protection Pipeline Replacement Project and responded to questions from the Board. Mr. Anthony discussed the cost/benefit of subsequent projects of this nature and consideration of hydrant placement versus water line upgrades. Per the Public Utilities Commission the water purveyor has no responsibility to provide adequate flow pressure for firefighting purposes.

MOTION 12-06-04

**Moved by Director Froke, seconded by Director Laska, and
unanimously carried, to adopt *Resolution No. 06-24* declaring**

the bid from Monterey Peninsula Engineering as the lowest responsible bid and authorize award of contract in the amount of \$1,695,380 for Fire Protection Water System Improvements Fourth Priority Pipeline Replacement Project.

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 10/21/06 – 11/29/06. Mr. Niccum reviewed orally the near-miss safety related incident that occurred during the reporting period, and responded to questions from the Board.

PBCSD Capital Improvement Projects

Mr. Niccum reviewed orally his monthly status report on capital improvement projects and responded to questions from the Board and public.

Reclamation Management Committee Meeting

Director Hornbuckle reviewed orally the highlights of the Reclamation Management Committee meeting held November 6, 2006. The Committee approved a budget allocation for the rehabilitation of the reclaimed water storage tank off Viscaino Road near the Poppy Hills Golf Course maintenance yard. Construction has begun on the micro-filtration/reverse osmosis component of the project – drainage lines are in.

Recycled Water Storage Tank Rehabilitation Project

MOTION 12-06-05

Moved by Director Verhasselt, seconded by Director Verbanec, and unanimously carried, to adopt *Resolution No. 06-25* approving a contract for \$107,000 with Joseph Painting Company, Inc. for the Reclamation Water Storage Tank Rehabilitation Project.

District Engineer's Time Related to Advanced Treatment Component of the Phase II Reclamation Project

Mr. Anthony stated that the report submitted is informational. The District Engineer is spending less time on the project than originally anticipated and recommended that the Board monitor the District Engineer's time commitment and defer any decision on seeking reimbursement until such time that the benefits to the PBCSD are no longer evident.

CAWD Board Meeting

Director Hornbuckle attended the Carmel Area Wastewater District Board meeting held November 16, 2006. Director Hornbuckle submitted a written review of the meeting. There were no questions from the Board.

CAWD Meeting Assignment

Director Froke accepted the assignment to attend the CAWD regular Board meeting on Thursday, December 28, 2006 at 9:30 a.m. in the CAWD Boardroom at 3945 Rio Road, Carmel.

SOLID WASTE MANAGEMENT

Director Laska submitted a report of the meeting of the Monterey Regional Waste Management District ("MRWMD") held on November 17, 2006. There were no questions from the Board.

GENERAL GOVERNMENT

General Manager Compensatory Time Off

MOTION 12-06-06

Moved by Director Froke, seconded by Director Verhasselt, and unanimously carried, to grant the General Manager five (5) compensatory days off in calendar year 2006, as allowed by Pebble Beach Community Services District Administrative Code.

Law Enforcement Program Status Report

The Board received and reviewed the General Manager's Report regarding supplemental law enforcement service and the attached radar speed display unit data records. Mr. Anthony responded to questions from the Board.

Reimbursement Agreement with the California Highway Patrol

MOTION 12-06-07

Moved by Director Verbanec, seconded by Director Verhasselt, and unanimously carried, to adopt *Resolution 06-26* authorizing the Board President to execute the \$85,000 cost reimbursement agreement with the California Highway Patrol for the term of January 1, 2007 through June 30, 2007 to provide supplemental traffic law enforcement within the District.

Appointment of a Bargaining Representative

The Board received and reviewed the General Manger's report relating to salary and fringe benefit negotiations with the General Manager and compensation for Legal Counsel. Directors Laska and Verhasselt accepted the appointment to serve as the Board's bargaining representatives for review and recommendations on General Manager and Legal Counsel compensation.

Election of District Officers

Director Verhasselt stated that, although there is nothing in Senate Bill 135 prohibiting the election to a board any number of directors serving on other community boards, perception by the constituency is an important factor. Further Board discussion implied the preference to limit the number of directors serving on the District Board while also serving on the Del Monte Forest Property Owners' Board to two.

MOTION 12-06-08

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to adopt *Resolution 06-27* electing President Richard D. Verbanec, Vice President Jeffry B. Froke, General Manager Craig Anthony to serve, ex-officio, as District Secretary, and Finance Officer Kilic to serve, ex-officio, as District Secretary Pro-Tem and Treasurer.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Mr. Anthony provided the Board the Local Agency Formation Commission Draft Municipal Service Review of the Pebble Beach Community Services District prepared by past General Manager Andrews. The Review is submitted for informational purposes to give an informative overview of the District.

Mr. Anthony informed the Board that maintenance staff is preparing for winter, conducting mock exercises with generator equipment. The newsletter has been distributed; the next issue can be expected in two to three months. The Boardroom furniture arrangement is new this meeting in an effort to optimize visual contact between all attendees.

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 – human resources, on Friday, October 20, 2006, in Monterey.

Director Verbanec submitted a written report on his attendance at the November 30, 2006 meeting at Monterey City Hall on the Draft Environmental Impact Report done for the California Department of Transportation on the Homan Highway widening project.

CLOSED SESSION

At 11:46 a.m. President Hornbuckle announced the Board would meet in closed session to conduct the Board's annual performance evaluation of the General Manager and District Legal Counsel.

ADJOURNMENT

There being no further business at 12:36 p.m. a motion was made to adjourn.

MOTION 12-06-09

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, January 26, 2007 at 9:30 a.m. in the District Boardroom at Forest Lake and Lopez Roads.