

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

BOARD OF DIRECTORS

Strategic Planning Workshop Meeting of February 26, 2007

MINUTES

A special meeting of the Board of Directors of the Pebble Beach Community Services District was held in the District Training Room on February 26, 2007. At 9:00 a.m. Board President, Richard D. Verbanec formally welcomed all participants and announced the workshop would begin.

DIRECTORS PRESENT

Jeffrey B. Froke, Ph.D. — Vice President; Gary D. Hornbuckle, Ph.D.; Leo M. Laska; Richard D. Verbanec — President; and Gerald F. Verhasselt

STAFF & VISITORS

Craig Anthony, General Manager, PBCSD

Suha Kilic, Finance Officer, PBCSD

Michael Niccum, District Engineer, PBCSD

Laura Dadiw, Dadiw Associates, Clerk

George Haines, Fire Chief PBCSD Fire Department / Unit Chief, California Department of Forestry and Fire Protection (“CDF”) aka CAL FIRE

Buddy Bloxham, Battalion Chief, CAL FIRE

Skip Ratsep, Fire Captain Paramedic, CAL FIRE

Robert Wellington, Legal Counsel, PBCSD

David Drewien, Field Operations Supervisor, PBCSD

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

June Duran-Stock, Chair, Open Space Advisory Committee (“OSAC”), Del Monte Forest Foundation

John Tormey, resident, Del Monte Forest

Al Budris, Chair, Traffic and Safety Committee, Del Monte Forest Property Owners (“DMFPO”)

Janet Hayslett, DMFPO Director

Joseph Sawyer, resident, Del Monte Forest

Lloyd Townsley, PBCo Architectural Review Board and Land Use Advisory Committee

Loran List, DMFPO Director

PURPOSE OF WORKSHOP MEETING

President Verbanec indicated that the overall purpose of the workshop meeting was to provide an opportunity for the PBCSD Board of Directors to identify, review, and consider potential updates to the District Strategic Plan. The setting of the workshop was informal and all participants’ questions, comments and views were welcome. The focus of the

workshop was to clarify expectations regarding short and long-term plans, goals and objectives and how they may be shared and implemented by the Board, staff and the public within the next three to five or more years. The meeting provided the Directors the opportunity to discuss the level of service provided by the District and any potential changes to that service level including potential new services. The meeting could include discussions, but not limited to, Advanced Life Support delivery system, fire protection water system, fire department staffing, wastewater collection system, forest health as it affects the District Fire Defense Plan, reserve fund levels, fees, and revenue/expenditure projections.

Identification of Topics and Issues

President Verbanec then indicated that the remainder of the day's discussion would address the topics and issues that the Board believed were most important currently and through the next three to five years. The Directors chose to cover each topic as chronicled by District staff and presented with the General Manager's Report regarding the Strategic Planning Study Session.

Topics requested to be added to those presented:

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| 1. Undergrounding power lines | Director Hornbuckle |
| 2. CAWD synergies and representation | Director Laska |
| 3. Law enforcement | Mr. John Tormey |
| 4. Fire department consolidation | Director Verbanec |
| 5. District road ownership and maintenance | Director Verbanec |
| 6. Land use and CC&Rs | Director Verbanec |

Sewer Line Replacement

After an overview of the sewer line system by Mr. Niccum, Staff was directed by the Board to prioritize the condition of pipelines into various levels with the associated costs for replacing each level. The Board could then consider adjusting annual funding levels and the rate of replacement work.

Sewer Lateral Replacement

After an overview of the sewer lateral issues by Mr. Niccum, staff was directed by the Board to focus on:

- a. Continuing education program including visits by staff to inspect sewer relief valves at no cost to the property owner.
- b. District performing all private lateral connections with the sewer main lines.
- c. District requiring laterals to be televised and repaired prior to completion of a property sale.

Forest Health/Vegetation Management

Ms. June Duran-Stock suggested that a subcommittee be formed comprised of PBCo, DMFF, and PBCSD to cooperate in performing operations and maintenance of delineated properties and to determine what maintenance resource services are available collectively for cost efficiency and timely response to environmental needs. The Board directed staff to be directly involved in any issues of forest health and vegetation management relating to fire suppression; to research ways to assist DMFF in funding forest maintenance through CDF funding mechanisms; and to consider the strategic plan currently being developed by DMFF directors to derive their input into this element of the District's Strategic Plan.

***Fire Department Engine Staffing
Advanced Life Support Services***

Staff is to determine if it would be feasible to satisfy the need for an additional staff on one of the engines by assigning a CDF firefighter/paramedic and eliminating the need for the current Paramedic Response Vehicle Program.

Water System Improvements for Fire Protection

Staff was directed to consider alternatives for constructing the remaining Water System Improvements for Fire Protection projects including installation of a new 600,000 gallon water storage tank and replacement of 20,000 feet of substandard water lines.

Fire Prevention and Disaster Services

Staff is to further inform the Board of the costs and benefits of the suggested improvements, which may include 1) replacing the current budgeted Fire Prevention Specialist position with a Fire Captain position to provide disaster planning, public education and Reverse 911 administration services and 2) inspecting 100% of the residences in problem areas annually for vegetation clearance

Current District Reserves

Suggested uses for revenue available after funding on-going programs and capital improvement projects *not* in priority order:

1. Increase garbage service level by including trash bin “two-way” pick-up with regular garbage service.
2. Consider subsidizing future rate increases for garbage service.
3. Implement the Fire Prevention and Disaster Services as presented.
4. Staff a fire engine with additional firefighter/paramedic as presented.
5. Establish a Forest resource DMFF subcommittee as presented.
6. Accelerate sewer line replacement by financing through debt service if it is determined feasible to do so. This approach may be more cost-effective because current borrowing costs may be less than the future increases in cost of labor and

materials, and also may result in reduced maintenance costs. Financial resources committed to debt service are not likely to be subject to future State revenue shifts. Mr. Anthony requested that other topics (see below) be covered before any determination was made on reserves, revenues and expenditures.

Undergrounding Utility Lines

Staff is to create a list of any viable options for undergrounding of utility lines, prioritize options, and determine what can be done under the District's current powers.

CAWD Synergies and Representation

Research is to be done to determine whether merging wastewater collection service with CAWD would be more efficient and whether there are any arrangements to increase PBCSD representation on the CAWD Board. PBCSD will request CAWD to further develop a Long-Term Capital Outlay Plan so PBCSD, sharing 1/3 of treatment costs, can be apprised of what expenses are forthcoming.

Enhanced Law Enforcement

Criteria is to be developed for increasing, decreasing, or eliminating the law enforcement program.

Road Ownership and Maintenance

Mark Verbonich stated that PBCo has no interest in relinquishing road ownership and maintenance. The issue was deemed not of concern to the District.

Land Use Codes, Covenants & Restrictions ("CC&Rs")

The CC&Rs are admittedly outdated however the legal requirement that a majority of property owners must take action to affect updates makes doing so prohibitive. ARB and DMFPO currently handle complaints relating to CC&Rs. Neighbor to neighbor contact is encouraged to resolve issues. The inclusion in basic solid waste service of retrieval and replacement to a screened area could resolve the issue of trash bins being left out at the curb.

Fire Department Consolidation

Mr. Anthony stated that the City of Monterey is an example of fire department consolidation. Mr. Anthony will research the incremental costs of the City of Monterey's program to see how it compares to current CDF service costs. The ultimate goal is to determine the optimal structure of fire protection services in DMF.

Conclusion

Mr. Anthony stated he would write up and bring to Directors a prospectus on how to proceed with the next phase of the District's strategic planning.

Other Public Comments & Adjournment

There being no further comments or discussion, at 1:04 p.m. President Verbanec declared the meeting adjourned to the Board’s next regular meeting on **Friday, March 30, 2007** at **9:30 a.m.** in the District Boardroom at Forest Lake and Lopez Roads, Pebble Beach.

Craig Anthony
Board Secretary

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