

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of March 30, 2007
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 March 30, 2007. Board President Richard D. Verbanec called the meeting to order at 9:33 a.m.

ROLL CALL

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

Absent: Director Jeffrey B. Froke

Others Present

Craig Anthony, General Manager
Laura Dadiw, Board Clerk, Dadiw Associates
Robert Wellington, Legal Counsel
Suha Kilic, Finance Officer
Michael Niccum, District Engineer
George Haines, Fire Chief, CAL FIRE, San Benito-Monterey Unit
Dennis Carreiro, Fire Prevention Battalion Chief, CAL FIRE
Teresa Volland, Office Technician, CAL FIRE
John Tormey, Pebble Beach resident
Mark Verbonich, Vice President, Pebble Beach Company
Al Budris, Director, Del Monte Forest Property Owners ("DMFPO")
Ken White, Director, Carmel Area Wastewater District ("CAWD")
Vinod Badani, Vice President, E2 Consulting Engineers, Inc.
Christine Olson, Pebble Beach resident
Steve Olson, Pebble Beach resident

APPEARANCES AND ORDER OF BUSINESS

There were no additions or changes to the agenda.

MINUTES

MOTION 03-07-01

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to approve the minutes of the regular Board meeting held February 23, 2007, with a change to motion 02-07-07 to read that the Board adjourned to the

Strategic Planning Special Meeting to be held February 26, 2007.

MOTION 03-07-02

Moved by Director Laska, seconded by Director Verhasselt, and unanimously carried, to approve the minutes of the Strategic Planning Workshop Meeting minutes held February 26, 2007.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statements of Receipts and Disbursements* and the *Cash Basis Budget Report* for February 2007. Finance Officer, Suha Kilic commented on the reports.

Check Register

The Board received the *Check Register* for February 2007. Mr. Kilic reported that the actual expenditures for the Supplemental Law Enforcement Program for the October through December period came in \$5,000 less than what was authorized by the Board.

MOTION 02-07-03

Moved by Director Hornbuckle, seconded by Director Laska, and unanimously carried, to approve the *Check Register* for February 2007.

Three-year Extension of Audit Contract

Mr. Kilic reviewed orally his report regarding the selection of a firm to conduct future audits. He stated that the current audit agreement did not specify an option for a three-year renewal. Director Laska requested upon selection of an audit firm under a new three-year contract (not an extension of the current contract) that an option for a three-year renewal be specified in the contract.

MOTION 03-07-04

Moved by Director Verhasselt, seconded by Director Hornbuckle, and unanimously carried, to approve a three-year extension to the existing audit agreement with Kasavan and Pope at a cost of \$15,000 per year. Future initial three-year audit agreements will include an option for a three-year renewal.

Director Compensation Treatment

General Manager, Craig Anthony reviewed the *General Manager's Report* regarding treatment of Board member compensation with attached Government Tax Manual excerpts containing IRS sections and rulings in regards to the issue at hand published by a CPA and tax consulting firm. Discussed were possible conflicts of definitions within the excerpts provided. Director Verhasselt requested the District's audit firm interpret the tax code in regards to this issue. Counsel Wellington suggested Kasavan and Pope provide an interpretation in writing. Mr. Kilic stated the partner of the firm in charge of the District audits could not render an opinion since the issue is outside the area of his expertise, however he was to obtain an opinion from the tax expert of the firm. The staff did not get a response to the request that was made two weeks ago. Mr. Kilic said individual Board member requests, such as making a District donation to a charity instead of receiving compensation should be brought to the District Board for consideration. Mr. Anthony clarified that Board meeting attendance compensation is a separate issue from, and does not include, reimbursable expenses.

MOTION 03-07-05

Moved by Director Laska, seconded by Director Hornbuckle, and carried, for the Board members to participate in the District's *Supplemental Retirement Plan* ("Plan") by contributing the same amount of withholding and matching employer contributions required by Social Security, and to adopt *Resolution Number 07-01* amending the Plan by excluding the Board members from life and long-term disability insurance requirements.

Director Verhasselt voted no due to the lack of interpretation by the District's audit firm.

Director Hornbuckle said he declined any compensation for attending meetings and requested the Board consider making donations to SPCA instead, in the same amounts. It was the consensus of the Board that the District will make requested donations to SPCA.

FIRE PROTECTION

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department operations report for February 2007. Chief Haines presented slides of the low-angle rescue of a PBCo employee that had driven a motorized cart over the cliff's edge of the 17th hole at Pebble Beach Golf Links. The employee is recuperating. Debriefing of the rescue response clarified the need to carry rescue litters on emergency response vehicles. Chief Haines, Chief Carreiro,

Directors Verbanec and Verhasselt, and several residents of Sunset Drive were in attendance on the March 1st walk along the area above Pescadero Canyon and Fire Road 23. Chief Haines reviewed for the Board the concerns listed in the monthly operations report that were considered during the walk. Mark Verbonich, PBCo, will check to see if the goats are scheduled to return to the Forest this year.

Fourth Priority Fire Protection Water Pipeline Project

District Engineer, Mike Niccum reviewed orally his memorandum regarding the amendment for water system project engineering services.

MOTION 03-07-06

Moved by Director Laska, seconded by Director Hornbuckle, and unanimously carried, to amend *Project Assignment Number 12* to the Master Agreement with E2 Consulting Engineers to provide additional engineering and fire hydrant testing services required for the Water System Improvements for Fire Protection Pipeline Replacement Projects within an additional budget of \$47,000.

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 2/15/07 – 3/21/07*. Mr. Niccum 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. Director Hornbuckle complimented the quality of roadwork done on Arroyo by PBCo as part of the Fourth Priority Water Pipeline Replacement Project. The District holds weekly project meetings with PBCo, Cal-Am and the contractor to coordinate work efforts to achieve minimum impact on traffic flow through and around job sites. Work was not performed during the horse show, and detours were used when work commenced with employees stationed at key points to maintain traffic flow. Mr. Niccum responded to questions and comments.

PB-1 Utility Truck Replacement

Mr. Niccum reviewed orally his District Engineer's Report regarding the replacement for the PB-1 utility truck.

MOTION 03-07-07

Moved by Director Hornbuckle, seconded by Director Verhasselt, and unanimously carried, to authorize the purchase of a light duty utility truck for the maintenance department from Downtown Ford Sales for a total cost of \$23,200 including the California Department of General Services contract price of \$18,200 for the cab and chassis and \$5,000 for accessories.

Pump Station P-3 Rehabilitation Project

Mr. Niccum reviewed orally his District Engineer's Report regarding the engineering services for the project. Mr. Niccum responded to questions from the Board and public.

MOTION 03-07-08

Moved by Director Laska, seconded by Director Verhasselt, and unanimously carried, to adopt *Resolution No. 07-06* approving Project Assignment No. 15 to the Master Agreement with E2 Consulting Engineers (E2) to provide engineering services for the Pump Station P-3 Rehabilitation Project with a budget limit of \$40,000.

Reclamation Management Committee Meeting

Mr. Anthony reported orally on meeting discussions. Project management software gives a completion date for the advanced treatment facility of June 2008. It is anticipated that the work plan will be tightened for completion in February or March 2008. The Forest Lake component and the CAWD treatment aspect of the reclamation project are both operating optimally. The District is not involved with the issue brought to the Public Utilities Commission ("PUC") by the Independent Water Users Group ("IRWUG") challenging the potable water rate increases proposed by California American Water. The PUC directed IRWUG, Monterey Peninsula Water Management District, and PBCo to meet and settle the matter.

CAWD Board Meeting

Director Verbanec attended the Carmel Area Wastewater District Board meeting held March 22, 2007 and submitted a written report to the Board. The CAWD Board had misgivings regarding the LAFCO ballot having only one name indicated and no space for a write-in candidate. Appropriate officials will be contacted regarding this concern.

CAWD Meeting Assignment

Director Hornbuckle accepted the assignment to attend the CAWD regular Board meeting on Thursday, April 26, 2007 at 9:30 a.m. in the CAWD Boardroom at 3945 Rio Road, Carmel.

SOLID WASTE MANAGEMENT

Director Laska reviewed orally the meeting of the Monterey Regional Waste Management District ("MRWMD") held on March 16, 2007. The recycling goal for Monterey County is 50% of the waste stream. Pebble Beach currently recycles 62%. The MRWMD approved acceptance of 10,000 tons per year of pre-processed waste from the City of Santa Cruz. The increased revenue from this additional waste acceptance will be used to stabilize ratepayer disposal rates and to fund plans and studies for the anticipated State mandate of 75% waste stream recycling. The MRWMD Strategic Planning Conference is to be held April 18, 2007, from 8 a.m. to 2 p.m. at the Embassy Suites in Seaside.

GENERAL GOVERNMENT

Law Enforcement Program

The Board reviewed the submitted data records from the radar speed display units as of March 30, 2007. Patrol will begin to concentrate a bit more on secondary streets. The District anticipates extending the enhanced law enforcement contract with CHP through the next fiscal year, and will send a letter to CHP in that regard. Director Hornbuckle requested that the radar display unit data records be displayed in chart format indicating the amount of each type of violation and perhaps the change over time, similar to the fire department monthly report response breakdown pie chart. President Verbanec suggested that if real time graphic display is not possible, then a review of past cumulative data could be presented.

Strategic Planning Study Session Progress Report on Issues

Mr. Anthony stated that the italics portion of the report would increase monthly as the staff's work on planning tasks progresses. Director Verbanec suggested, as is done in the City of Santa Clara, that some of the current District reserves be used to offer free waste pick up and disposal of curbside discards of any waste items once or twice per year. Mr. Tormey requested clarification of page 2, item 5 under Current District Reserves, the meaning of "resource." Staff will clarify in the progress report to the Board at next month's meeting.

Alternative Board meeting date for May 2007

The Board accepted the alternative date of Wednesday, May 23, 2007 for the May 2007 monthly Board meeting.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Mr. Anthony will be taking vacation time next week, but will be reachable.

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 Laska requested that the Board craft a letter of bereavement to the family of David Hendrick, past PBCSD Director, and note his contributions to the Board and community. Mr. Anthony stated that an article on Mr. Hendrick would be included in the next PBCSD newsletter.

President Verbanec announced that the Special District's Association meeting scheduled for Tuesday, April 10, 2007 would present speakers from both the County General Plan side and the proposed Land Watch General Plan side of the June ballot initiatives Measure A, B and C, and the implication of the plans on special districts. All are welcome to attend. Directors Verhasselt and Verbanec will be attending. Mr. Anthony informed the Board that the District is not involved in land use issues encompassed by the plans and that sewer and fire services would continue as usual under whichever plan is adopted.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 11:00 a.m. a motion was made to adjourn.

MOTION 03-07-09

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, April 27, 2007 at 9:30 a.m. in the District Board Room at Forest Lake and Lopez Roads.