



PEBBLE BEACH COMMUNITY SERVICES DISTRICT

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PEBBLE BEACH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS Regular Meeting of June 27, 2008 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 June 27, 2008. Board President Richard D. Verbanec called the meeting to order at 9:34 a.m.

ROLL CALL

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

Absent: None

Others Present

Michael Niccum, General Manager/District Engineer
Suha Kilic, Deputy General Manager/CFO
George Thacher, Legal Counsel
George Haines, Fire Chief, CAL FIRE, San Benito-Monterey Unit
Dennis Carreiro, Fire Operations Battalion Chief, CAL FIRE
Jerry Agenbroad, Fire Prevention Captain, CAL FIRE
Richard Lopez, Fire Operations Captain, CAL FIRE
John Tormey, Pebble Beach resident
Robert Kohn, Director, Carmel Area Wastewater District ("CAWD")
Mark Verbonich, Vice President Community Affairs, Pebble Beach Company ("PBCo")
Spencer Thompson, Traffic and Safety Committee, Del Monte Forest Property Owners
Laura Dadiw, Board Clerk, Dadiw Associates
James Rossen, President, Carmel Highlands Fire Protection District ("CHFPD")

APPEARANCES AND ORDER OF BUSINESS

Mr. Rossen, President of Carmel Highlands Fire Protection District, stated CHFPD is happy to be part of the CAL FIRE fire protection service consolidation on the Peninsula. CHFPD is planning to hire a fire prevention specialist equal to Captain Jennifer Valdez's position with PBCSD.

There were no requests for changes to the agenda.

MINUTES

MOTION 06-08-01

Moved by Director Verhasselt, seconded by Director Laska, and unanimously carried, with Director Hornbuckle abstaining due to absence at the last meeting, to approve the minutes of the regular Board meeting held May 30, 2008.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for May 2008. Deputy General Manager/CFO Suha Kilic pointed out a new feature of monthly cash balances chart: monthly cash balances of the previous fiscal year have been added for comparison. General Manager, Michael Niccum noted that next year two large capital projects are scheduled for completion and cash balances would be less than in 2007-08.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report* for May 2008. Mr. Kilic reviewed the charted cumulative budget and actual revenues and expenditures. Actual year-to-date property tax revenue is \$167,000 below the budgeted amount due to County-wide delinquencies in property tax payments; operating expenditures are \$800,000 below budgeted amount. He said a portion of the amount budgeted for current year capital outlays will be carried over to the next fiscal year. Mr. Kilic responded to questions from the Board.

Check Register

The Board received the *Check Register* for May 2008. In response to Director Hornbuckle's question regarding the \$5,599 expenditure to Day Electric for light fixture replacement and pump testing. Mr. Niccum said lights in all the fire department bays were replaced, and other tasks were completed at pump stations as well. Mr. Kilic indicated the \$12,114.06 for November 2007 election costs is calculated based on the number of items that are on the ballot pertaining to PBCSD, the size of the jurisdiction and number of voters. Division of Safety of Dams requires an annual fee from the District for the permit to operate Forest Lake Reservoir. Spencer's Tree Service removed 8-10 dead trees from around the reservoir and District grounds as preventive maintenance.

MOTION 06-08-02

Moved by Director Hornbuckle, seconded by Director Froke, and unanimously carried, to approve the *Check Register* for May 2008.

FIRE PROTECTION

Fire Chief's Monthly Report

The Board received and reviewed the monthly fire department activity report for May 15th – June 14th, 2008. Chief Haines reported that fire personnel received notice from the National Weather Service 45-minutes prior to the storm that landed at Point Sur on June 21st. There was one strike to a single tree within the District, one strike each in San Benancio Canyon, Corral de Tierra Canyon, Prunedale, and to the south of Fremont Peak. The largest fire caused from the single strikes was 15 acres below Fremont Peak. Four strikes caused fires at Coast Gallery and Ventana Cones/Chews Ridge in Big Sur that merged together yesterday into the "Basin Complex" fire consuming approximately 14,000 acres. The resulting combined fire is heading southeast towards the Indians Fire burning 100,000 acres since June 8th near Arroyo Seco. Sixteen homes have been destroyed along Partington Ridge and the North Coast Ridge Road that lets out at Ventana Inn. Homes with cleared defensible space survived the fire. Crews are approved to put in dozer lines in Ventana Wilderness on the Carmel Valley side near Los Padres Reservoir to protect the Carmel River watershed. The lines will extend down to the coast and then parallel to Hwy One along the ridge tops, taking 3-4 days to complete. Dozer lines were put in place during the 1977 fires: the lines were covered with brush after the 1991 fires, but are still visible. They will be opened up with bulldozers to help contain the current fires.

There are approximately 700 fires currently burning in the state.

Another fire occurred during the June heat wave near the Highway One gate outside the District. The District responded and the CAL FIRE helicopter used reservoir water. The cause is unknown but most likely not suspicious.

Chief Haines stated that infrared fire detection flights are flown each night over the entire state; a drone that flies out of Boise Idaho is in the experimental phase. Chief Haines clarified that every fire – appliance, vehicle, structure or wild land – is investigated. Each company officer is trained in preliminary investigation including ruling out causes. If preliminary investigation shows suspicious cause, then CAL FIRE investigators are called in. Two dedicated to the San Benito-Monterey Unit have full peace officer status under the Penal Code and statewide authority. Captain Lopez is a CAL FIRE peace officer however not assigned to the investigative bureau, but could be called out in that capacity. The State investigators develop leads and

suspects, or rule out arson. Information to the Board is generally not forthcoming until the investigation is complete.

Mr. Verbonich would check on any Pebble Beach Company plans for using goats within the District

Director Verbanec inquired regarding environmentally friendly fire retardant application services offered by insurance companies. Chief Haines was familiar with such services and found them effective, the retardant being similar to the gel used by fire agencies. There have not been any incidents of insurance agency contractors interfering with fire operations however there is a concern for the potential and a CAL FIRE task force is working to integrate the system into operations in southern California. Director Froke stated that the product is also available directly to homeowners.

PBCSD Fire Department Open House and Public Safety Day

The Board received and reviewed the summary report regarding the District Open House on June 21st. Captain Agenbroad estimated attendance at approximately 800 people. Mr. Tormey and the PBCSD Board congratulated staff on a splendid event.

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 5/23/08 – 6/19/08* prepared by Assistant Engineer, J.T. Rethke. Mr. Niccum reported a major sanitary sewer overflow occurred last Friday while a new Fifth Priority Project water line was drained during startup testing. Instead of using water trucks, the line was drained directly from a fire hydrant to a sewer manhole causing an overflow at a downstream manhole that eventually made its way to a storm drain which discharges directly to Stillwater Cove. The Regional Board required the overflow to be reported as a sanitary sewer overflow even though water that reached the Ocean was potable. Changes to the testing procedure were made with the contractor to avoid any future issue.

Mr. Niccum reported that Forest Lake Reservoir was very low due to a high golf course irrigation demand year and the CAWD treatment plant reverse osmosis ("RO") facility not being at peak efficiency during startup. A productive meeting with the golf course users was held to discuss options for meeting irrigation demands. CAWD would like to continue startup operations for the next month before considering the option to bypass the RO units that would produce a greater quantity of recycled water with a higher salt content. California American Water ("Cal-Am") would be contacted to provide the potable water allotted to the system during the RO facility startup.

PBCSD Capital Improvement Projects

Mr. Niccum reviewed the monthly status report for capital improvement projects. Cal-Am has initiated discussion regarding possible involvement in the District Spruance Water Tank Project to benefit/cost share in the construction of a tank larger than originally designed. Director Verbanec noted that increased cost of engineering oversight to manage contractors that have a lower level of experience in performing work for a particular project is a legitimate part of the bid consideration and should be factored in future bid requests.

CAWD Board Meeting

Director Verhasselt attended the June 26, 2008 meeting and highlighted items submitted in a written report to the Board.

SOLID WASTE MANAGEMENT

Director Laska submitted a report of highlights of the meeting of the Monterey Regional Waste Management District held on June 20, 2008. The MRWMD Board elected Director Laska to be the Chairman of the Board for another year. Director Laska advised the PBCSD Board that a local community task force is being formed to address the current status of local recycling and waste management programs as well as potential future programs in response to anticipated State mandates. Mr. Niccum indicated he and Mr. Kilic have been invited to participate in the task force. Director Laska responded to questions from the Board and public.

GENERAL GOVERNMENT

Retiree Health Care Plan

Mr. Kilic reviewed the submitted report on a proposed retiree healthcare plan and responded to questions from directors. Directors Laska and Verbanec and General Manager Niccum commended Mr. Kilic for an excellent presentation of the plan.

MOTION 06-08-03

Moved by Director Froke, seconded by Director Laska, and unanimously carried, to approve the proposed retiree healthcare plan at a one-time cost of \$250,000 in the current year and not to exceed 3% of the regular payroll in future years which includes 2% employer and 1% employee contributions; to adopt *Resolution 08-08* amending the District Vantagecare Retirement Health Savings Plan; to approve changing the FY 2008-09 cost-of-living salary adjustment from 3.5% to 4.5% in consideration of the large increase in food and energy prices in the current year; and to approve elimination of the retiree health care benefit currently provided to the General Manager.

Proposition 218 as it relates to District Fire Protection Special Tax

District Legal Counsel determined that the special fire tax established by the District in 1981 was still viable and that the District may continue to annually impose any amount within the limits of zero and a cap of \$5.23 per unit of benefit. A memorandum from municipal finance expert Michael G. Colantuono, Esq. reviewed the application of Proposition 218 to the District special tax and confirmed the findings of District Counsel. Director Verhasselt did not feel the special tax was necessary as fire protection was being provided using property tax funding per Proposition 218. Mr. Kilic advised the Board that the final budget would be presented for adoption at the July 25, 2008 meeting and any change to the special tax amount could be submitted to the County by August 1st, 2008, in time to be placed on next year's tax rolls. Ultimately, collection of the special tax is legal and the issue of determining the amount of the tax is one of policy. Director Verbanec did not consider the present funding of fire protection as a double tax but more as funding coming from two sources allowing flexibility as revenues and expenses fluctuate.

Ballot for Election of LAFCO Commissioners

President Verbanec announced to the Board that the documents submitted for the election of LAFCO commissioners had been recalled by LAFCO due to a change in its election process. It appears the election for commissioner now would be held in August and a subsequent election would be held for the alternate commissioner. Directors concurred to defer the subject until the Board received more information from LAFCO.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

Mr. Niccum reviewed the LAFCO adopted final budget for fiscal year 2008-09.

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 Verbanec would not be attending the meeting of the Special District Association of Monterey County on July 15th; Director Verhasselt would be attending in his stead.

Director Laska reported that he would not be attending the July 25th Board meeting.

CLOSED SESSION

It was determined that no closed session was in order.

ADJOURNMENT

There being no further business at 11:33 a.m. a motion was made to adjourn.

MOTION 06-08-04

M/S/C (unanimous) to adjourn to the next regular Board meeting to be held on Friday, July 25, 2008 at 9:30 a.m. in the District Board Room at Forest Lake and Lopez Roads.

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