

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Regular Meeting of December 9, 2011
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 9, 2011. Board President Gerald F. Verhasselt called the meeting to order at 9:35 a.m.

ROLL CALL

Present: Directors Richard B. Gebhart, Leo M. Laska,
Richard D. Verbanec, and Gerald F. Verhasselt

Absent: Director Jeffrey B. Froke

Others Present

Mike Niccum, General Manager/District Engineer
Suha Kilic, Deputy General Manager/CFO
Robert Wellington, Legal Counsel
J.T. Rethke, Associate Engineer
Christina Baca, Associate Engineer
Dennis Carreiro, Assistant Chief, CALFIRE San Benito-Monterey Unit
Buddy Bloxham, Battalion Chief, CALFIRE San Benito-Monterey Unit
John Tormey, Pebble Beach Resident
Mark Verbonich, VP Community Affairs, Pebble Beach Co. ("PBCo")
Bob Siegfried, Director, Carmel Area Wastewater District ("CAWD")
Barbara Buikema, General Manager, CAWD
Bob Hutchison, Director, Del Monte Forest Property Owners
Vinod Badani, President, E2 Consulting Engineers
Laura Dadiw, Board Clerk, Dadiw Associates

APPEARANCES AND ORDER OF BUSINESS

A Certificate of Election was presented to Directors Gebhart, Laska and Verbanec, and General Manager Niccum conducted the execution of the Oath of Office.

Mr. John Tormey addressed the board stating he was parting company as he had relocated out of the District. He presented to President Verhasselt and the board a copy of the US Constitution and Bill of Rights, and an annotated California Code containing community service district law.

Mr. Tormey had routinely attended monthly meetings and highlighted his involvement with the District since its inception, including review of the PBCo Land Use Plan,

District fire protection water system improvements, and consideration of Pebble Beach incorporation as a City. He was impressed with the approachability and professionalism of the current board and staff. Mr. Niccum noted that Mr. Tormey had provided a budget summary page, the "bubble sheet," that is now a feature of District financial reporting.

Director Gary D. Hornbuckle Commendation for Board Service

MOTION 11-12-01

Moved by Director Laska, seconded by Director Verbanec, and unanimously carried, to adopt *Resolution No. 11-22* commending Gary D. Hornbuckle, Ph.D. for service to PBCSD.

MINUTES

MOTION 11-12-02

Moved by Director Laska, seconded by Director Gebhart, and unanimously carried, to approve the minutes of the regular board meeting held on October 28, 2011.

FINANCIAL MATTERS

Statement of Receipts and Disbursements

The Board received and reviewed the *Statement of Receipts and Disbursements* for October 2011. Mr. Kilic noted that \$37,000 had been received in Proposition 172 half-cent sales tax revenues for quarter ended September 30, 2011. In the past the County had distributed the funds annually however began to distribute them quarterly in the current fiscal year.

Cash Basis Budget Report

The Board received and reviewed the *Cash Basis Budget Report for Fiscal Year 2010-11* for October. There were no questions or comments.

Check Register

The Board received the *Check Register* for October 2011. Mr. Kilic responded to inquiries from the board and public.

MOTION 11-12-03

Moved by Director Laska, seconded by Director Verbanec, and unanimously carried, to approve the *Check Register* for October 2011.

Monterey County Treasurer's Investment Report

The Board received the *Monterey County Treasurer's Investment Report* for the quarter ended September 30, 2011. The Board also received correspondence from Monterey County Treasurer-Tax Collector Mary Zeeb dated November 3, 2011. Mr. Kilic reported that a settlement had been reached with Washington Mutual Bank for recovery of damages from its \$20 million bond defaulted during the 2008 financial crisis. Settlement proceeds to be distributed to the District and other County pool participants by the end of the calendar year. The District will receive approximately \$40,000, in addition to the 28.5 cents on the dollar previously received from the sale of the bond. Inclusive of the settlement funds, the District share of the loss from this particular bond is approximately \$170,000, largely offset by interest earnings on other County investments.

FIRE DEPARTMENT

Fire Chief's Monthly Report

The Board received and reviewed the *Monthly Fire Department Activity Report for October 15, 2011 – November 30, 2011*. Chief Carreiro thanked Mr. Tormey for his interest in and support of the District fire department over the years.

Chief Carreiro informed the board that the City of Soledad voted unanimously to contract with CalFIRE for fire protection services beginning January 1, 2012.

Locally, the fire department responded the previous night to a fire alarm call at the Flavin Building at the Lodge. A burned pump in an elevator created smoke; there was no fire and no damage except to the pump. Simulated tsunami major event training scheduled for next week was rescheduled for January 2012. Driver training was underway for the new fire engine scheduled for service January 1st. The retired engine would be sold as surplus or donated through options that District staff was exploring.

Mr. Niccum reported that a meeting of the CalFIRE Local Government Committee with local and state representation was hosted by the District to review issues related to cooperative Schedule A fire service agreements. In an effort to keep the CalFIRE services competitive, calculation of administrative charges assessed on local agencies was reviewed at the meeting. Also, information technology issues related to dispatch vendor and support issues were discussed and elevated to the State level.

MAINTENANCE, ENGINEERING, AND CONSTRUCTION

Wastewater Collection, Treatment and Disposal System

The Board received and reviewed the *Engineering Report of Utilities Operations and*

Maintenance for 10/19/11 – 12/8/11 prepared by Associate Engineer, J.T. Rethke. Mr. Rethke reported that recycled water usage continued at 37% below the 16-year average and Forest Lake Reservoir was at approximately 64% of capacity. The District submitted two safety applications to its insurance provider ACWA/JPIA for awards that each won a \$50 cash prize: one for fold down steps on the rear of the televising truck for ease of entry and exit; and one for pump station dry well steel lid fall prevention guards. Both items were fashioned by District Maintenance Technician Juan Moreno. Mr. Niccum thanked Mr. Rethke for completing the application package and submitting it on behalf of the maintenance staff in support of the safety-mindedness of the crew.

PBCSD Capital Improvement Projects

The Board received and reviewed the *Engineering Report* on the status of *Capital Improvement Program* projects. Associate Engineer Christina Baca reported that the Huckleberry Hill Water Storage Tank Project was scheduled for a County hearing on December 14th. Ms. Baca clarified that Pump Station P-3 was actually near Seal Rock and was the largest station serving 60% of total District wastewater flow.

Pump Station P-7 Rehabilitation Project

The Board received and reviewed the *Engineering Report* on the Pump Station P-7 Rehabilitation Project. Day Electric was asked for a fee proposal due to its familiarity with the sensitive pump station equipment that would likely result in cost savings for the District versus competitive bid. Mr. Niccum stated that from past work performed for the District the rates and efficiency of Day Electric were well known and recommended the fee proposal be approved.

MOTION 11-12-04

Moved by Director Laska, seconded by Director Gebhart, and unanimously carried, to adopt *Resolution 11-23*, approving the fee proposal from Day Electric, PBCSD's on-call electrical contractor, to provide electrical-related services required for the construction of Pump Station P-7 Rehabilitation Project for an amount not to exceed \$80,433.

Maintenance Building Exercise Room and Lunch Room Expansion Project

The Board received and reviewed the *Engineering Report* on the Maintenance Building Expansion Project.

MOTION 11-12-05

Moved by Director Gebhart, seconded by Director Verbanec, and unanimously carried, to adopt *Resolution 11-24*, declaring the bid from

Kent Construction the lowest responsible, responsive bid and authorizing the contract award in the amount of \$210,000 for the construction of the Maintenance Building Expansion Project.

CAWD/PBCSD Wastewater Reclamation Management Committee

The Board received and reviewed the *General Manager Report* on the Reclamation Management Committee meeting held November 18, 2011. A closed session was held in reference to the microfiltration system and it appeared that the issue with Siemens Manufacturing could be resolved through current negotiations.

CAWD Board Meeting

Director Verhasselt attended the CAWD board meeting held December 8, 2011. He reported that there had been presented a pump station power usage report that was informational and compared current power usage with solar or other powering options. Director Charlotte Townsend was selected as president of the board for 2012. Mr. Niccum noted that Director Siegfried had been appointed to the Reclamation Management Committee replacing Director D'Ambrosio. Director Gebhart would attend the January 26, 2012 CAWD Board meeting.

SOLID WASTE MANAGEMENT

Monterey Regional Waste Management District Board Meeting

Director Laska provided a *Memorandum* on the highlights of the meeting of the Monterey Regional Waste Management District ("MRWMD") held on November 18, 2011. Director Laska reported that the 2.4% tipping fee increase was approved effective January 1, 2012. A letter was received from the City of Monterey requesting that MRWMD give some of the proceeds it receives from accepting out-of-area waste to the agencies within the District. Director Laska clarified that the increase in revenues from the agreement with San Jose for accepting its waste offset some of the MRWMD operating costs with no resulting surplus revenues. The matter would be taken up at the next board meeting.

GENERAL GOVERNMENT

2012 Calendar of Board Meetings

The Board received and reviewed the listing of *2012 Board Meeting Calendar Dates*.

MOTION 11-12-06

Moved by Director Verbanec, seconded by Director Gebhart, and unanimously carried, to approve the calendar for 2012 PBCSD Board Meetings.

Election of District Officers

The Board received and reviewed the *General Manager Report* and *Resolution No. 11-25* regarding election of District officers

MOTION 11-12-07

It was moved by Director Verbanec, seconded by Director Gebhart, and unanimously carried, to adopt *Resolution 11-25* electing President Gerald F. Verhasselt, Vice President Leo M. Laska, General Manager Mike Niccum to serve as District Secretary, and Deputy General Manager Suha Kilic to serve as District Secretary Pro-Tem and Treasurer, for calendar year 2012.

MISCELLANEOUS INFORMATION AND COMMUNICATIONS

Oral reports from General Manager

General Manager Niccum advised the board that the Planning Commission would review the PBCo Redevelopment and Forest Preservation Plan next week and Mr. Niccum had agreed at PBCo's request to make brief comments regarding the CAWD/PBCSD Wastewater Reclamation Project.

Mr. Kilic reported that 183 applications were received for the position of Administrative Assistant with 130-135 of those being valid for review. Nine were selected for a three-person panel interview on December 13th and 15th. The position would commence the first or second week of January 2012.

The annual District Christmas party would be held December 22 at noon in the boardroom and all were invited to attend.

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

Mr. Niccum noted that the District's insurance carrier had recognized the District for property and workers' compensation low-loss ratio and the earlier mentioned safety awards.

CLOSED SESSION

A closed session of the Board was convened at 10:46 a.m. to:

1. Review an issue related to potential litigation
2. Conduct the Board's annual performance evaluation of General Manager

3. Conduct the Board's annual performance evaluation of Legal Counsel

ADJOURNMENT

There being no further business at 11:14 a.m. a motion was made to adjourn.

MOTION 11-12-08

M/S/C (unanimous) to adjourn to a regular Board meeting to be held on Friday, January 27, 2012 at 9:30 a.m. in the District Board Room at 3101 Forest Lake Road.