



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

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DIRECTORS

THOMAS P. MOORE
President

JAN SHRINER
Vice President

WILLIAM Y. LEE
HOWARD GUSTAFSON
HERBERT CORTEZ

Agenda

Regular Board Meeting, Board of Directors Marina Coast Water District and

Regular Board Meeting, Board of Directors Marina Coast Water District Groundwater Sustainability Agency

Marina Council Chambers
211 Hillcrest Avenue, Marina, California
Tuesday, February 20, 2018, 6:30 p.m. PST

This meeting has been noticed according to the Brown Act rules. The Board of Directors meet regularly on the third Monday of each month with workshops scheduled for the first Monday of some months. The meetings normally begin at 6:30 p.m. and are held at the City of Marina Council Chambers at 211 Hillcrest Avenue, Marina, California.

Our Mission: We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.

1. Call to Order

2. Roll Call

3. Public Comment on Closed Session Items *Anyone wishing to address the Board on matters appearing on Closed Session may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

4. Closed Session

A. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation

- 1) Ag Land Trust v. Marina Coast Water District, Monterey County Superior Court Case No. M105019; Sixth Appellate District Court of Appeals Case Nos. H038550 and H039559

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the City of Marina Council Chambers. The agenda shall also be posted at the following locations but those locations are not official agenda posting locations for purposes of section 54954.2(a)(1): District offices at 11 Reservation Road, Seaside City Hall, the City of Marina Library, and the City of Seaside Library. A complete Board packet containing all enclosures and staff materials will be available for public review on Friday, February 16, 2018. Copies will also be available at the Board meeting. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5910.

- 2) In the Matter of the Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates, California Public Utilities Commission No. A.12-04-019 & A.13-05-017 Settlement Agreement
- 3) Marina Coast Water District v. California Public Utilities Commission, California Supreme Court Case No. S230728, Writ of Review
- 4) California-American Water Company vs Marina Coast Water District; Monterey County Water Resources Agency; and Does 1 through 10, San Francisco Superior Court Case No. CGC-13-528312 (Complaint for Declaratory Relief); First Appellate District Court of Appeals Case Nos. A145604, A146166, A146405
- 5) Marina Coast Water District vs California-American Water Company, Monterey County Water Resources Agency; and, California-American Water Company, Monterey County Water Resources Agency vs Marina Coast Water District, San Francisco Superior Court Case Nos. CGC-15-547125, CGC-15-546632 (Complaint for Breach of Warranties, etc.)
- 6) Marina Coast Water District v, California State Lands Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CV180895 (Petition for Writ of Mandate)
- 7) Marina Coast Water District v, California Coastal Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. 15CV00267

B. Pursuant to Government Code 54956.8
 Conference with Real Property Negotiator
 Property: Sewer Infrastructure
 Negotiating parties: Howard Gustafson, Thomas Moore
 Under Negotiation: Price and Terms

C. Pursuant to Government Code 54956.9 (d)(2)
 Conference with Legal Counsel – Anticipated Litigation
 Significant exposure to Litigation – One Potential Case

7:00 p.m. Reconvene Open Session

5. Reportable Actions Taken During Closed Session *The Board will announce any reportable action taken during closed session and the vote or abstention on that action of every director present, and may take additional action in open session as appropriate. Any closed session items not completed may be continued to after the end of all open session items.*

6. Pledge of Allegiance

7. Oral Communications *Anyone wishing to address the Board on matters not appearing on the Agenda may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

8. Presentation

- A. Consider Adoption of Resolution No. 2018-08 in Paula Riso, Executive Assistant/Clerk to the Board, for 20 Years of Service to the Marina Coast Water District

Action: The Board will consider adopting Resolution No. 2018-08 recognizing Paula Riso for 20 years of service to the Marina Coast Water District.

- 9. Consent Calendar** *Board approval can be taken with a single motion and vote. A Board member or member of the public may request that any item be pulled from the Consent Calendar for separate consideration at this meeting or a subsequent meeting. The public may address the Board on any Consent Calendar item. Please limit your comment to four minutes.*

- A. Receive and File the Check Register for the Month of January 2018
- B. Receive the Quarterly Financials for October 1, 2017 to December 31, 2017
- C. Approve the Draft Minutes of the Joint Board/GSA Meeting of January 22, 2018

- 10. Action Items** *The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board on these Items as each item is reviewed by the Board. Please limit your comment to four minutes.*

- A. Consider Adoption of Resolution No. 2018-09 to Adopt the Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation; Find that the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and is exempt from CEQA under CEQA Guidelines sections 15301 (Existing Facilities), 15319 (Annexations of Existing Facilities and Lots for Exempt Facilities), and 15061, subd. (b)(3) (the “common sense” exemption); and Direct Staff to File an Application with the Local Agency Formation Commission

Action: The Board of Directors will consider adopting the Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation find that the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and is exempt from CEQA under CEQA Guidelines sections 15301 (Existing Facilities), 15319 (Annexations of Existing Facilities and Lots for Exempt Facilities), and 15061, subd. (b)(3) (the “common sense” exemption); and direct staff to file an application with the Local Agency Formation Commission.

- B. Consider Adoption of Resolution No. 2018-10 to Amend a Professional Services Agreement with Denise Duffy & Associates for Annexation of the Ord Community into the Marina Coast Water District

Action: The Board of Directors will consider amending the Professional Services Agreement with Denise Duffy regarding annexation.

- C. Receive the Marina Coast Water District FY 2017-2018 Mid-Year Report

Action: The Board of Directors will consider receiving the FY 2017-2018 Mid-Year Report.

- D. Consider Providing Direction to the Board President Regarding Voting for Election of One Regular Special District Representative to LAFCO

Action: The Board of Directors will consider providing direction regarding voting for election of one regular Special District Representative to LAFCO.

11. Staff Reports

- A. Receive the 4th Quarter 2017 MCWD Water Consumption and Sewer Flow Reports
- B. Receive a Developer Account Update thru December 31, 2017

12. Informational Items *Informational items are normally provided in the form of a written report or verbal update and may not require Board action. The public may address the Board on Informational Items as they are considered by the Board. Please limit your comments to four minutes.*

- A. General Manager's Report
- B. Counsel's Report
- C. Committee and Board Liaison Reports
 - 1. Water Conservation Commission
 - 2. Joint City-District Committee
 - 3. Executive Committee
 - 4. Community Outreach Committee
 - 5. Budget and Personnel Committee
 - 6. M1W Board Member Liaison
 - 7. LAFCO Liaison
 - 8. FORA
 - 9. WWOC Report
 - 10. JPIA Liaison
 - 11. Special Districts Association
 - 12. SVBGSA Liaison

13. Board Member Requests for Future Agenda Items

14. Director's Comments *Director reports on meetings with other agencies, organizations and individuals on behalf of the District and on official District matters.*

15. Adjournment *Set or Announce Next Meeting(s), date(s), time(s), and location(s):*

*Special Board Meeting – Closed Session Only
Monday, March 5, 2018, 6:30 p.m.
District Offices, 11 Reservation Road, Marina*

*Tuesday, March 12, 2018, 6:30 p.m.,
Marina Council Chambers, 211 Hillcrest Avenue, Marina*

Marina Coast Water District
Agenda Transmittal

Agenda Item: 8-A

Meeting Date: February 20, 2018

Prepared By: Keith Van Der Maaten

Approved By: Keith Van Der Maaten

Agenda Title: Consider Adoption of Resolution No. 2018-08 in Recognition of Paula Riso, Executive Assistant/Clerk to the Board, and Awarding a Plaque and Gift Certificate for 20 Years of Service to the Marina Coast Water District

Staff Recommendation: Consider adoption of Resolution No. 2018-08 recognizing Paula Riso, Executive Assistant/Clerk to the Board, and awarding a plaque and gift certificate for 20 years of service to the Marina Coast Water District.

Background: *5-Year Strategic Plan Mission Statement – We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

Ms. Paula Riso joined the District on February 11, 1998 as a Customer Service Representative I. Paula was assigned to the District's front desk as the primary person to interact with customers. Her friendly and outgoing personality and her excellent customer service skills served her well in this position. In addition to her customer service duties, she was assigned other tasks, which she accomplished with competence and skill.

In August 1999, Paula was selected and promoted to the Board Clerk/Executive Assistant position. In this demanding position, she has established an excellent rapport with the directors, the general manager, the District managers and the numerous customers and representatives of other agencies and organizations with which the District interacts. During her twenty years of service to the District, Paula has exhibited significant professional growth and has consistently been a positive and encouraging influence on the District team.

It is with great pleasure that the District recognizes Paula Riso's for twenty years of service to the District.

Environmental Review Compliance: None required.

Financial Impact: Yes No
Awards account numbers.

Funding Source/Recap: Hospitality &

Other Considerations: None

Material Included for Information/Consideration: Resolution No. 2018-08.

February 20, 2018

Resolution No. 2018-08
Resolution of the Board of Directors
Marina Coast Water District
Recognizing Ms. Paula Riso, Executive Assistant/Clerk to the Board,
For 20 Years of Service to MCWD

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on February 20, 2018 at 211 Hillcrest Avenue, Marina, California as follows:

WHEREAS, Paula Riso joined the District on February 11, 1998 as a Customer Service Representative I; and,

WHEREAS, Paula’s friendly and outgoing personality and her excellent customer service skills served her well in this position; and,

WHEREAS, in August 1999, Paula was promoted to Executive Assistant/Board Clerk and has established an excellent rapport with the directors, the general manager, the District managers and the numerous customers and representatives of other agencies and organizations with which the District interacts; and,

WHEREAS, Paula has exhibited significant professional growth and has consistently been a positive and encouraging influence on the District team; and,

WHEREAS, Paula is a dedicated and loyal employee who is well-respected and admired by her fellow employees and District customers.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby express its gratitude and recognizes Paula Riso for twenty years of service to the Marina Coast Water District, presents her with a plaque and gift certificate and wishes her continued success with the District.

PASSED AND ADOPTED on February 20, 2018 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Thomas P. Moore, President

ATTEST:

Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2018-08 adopted February 20, 2018.

Keith Van Der Maaten, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9

Meeting Date: February 20, 2018

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Consent Calendar

Staff Recommendation: The Board of Directors approve the Consent Calendar as presented.

Background: *5-Year Strategic Plan Mission Statement – We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

Consent calendar consisting of:

- A) Receive and File the Check Register for the Month of January 2018
- B) Receive the Quarterly Financials for October 1, 2017 to December 31, 2017
- C) Approve the Draft Minutes of the Joint Board/GSA Meeting of January 22, 2018

Discussion/Analysis: See individual transmittals.

Environmental Review Compliance: None required.

Other Considerations: The Board of Directors can approve these items together or they can pull them separately for discussion.

Material Included for Information/Consideration: Check Register for January 2018; Quarterly Financials; and, draft minutes of January 22, 2018.

Action Required: _____Resolution X Motion _____Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-A

Meeting Date: February 20, 2018

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive and File the Check Register for the Month of January 2018

Staff Recommendation: The Board of Directors receive and file the January 2018 expenditures totaling \$1,886,834.13.

Background: *5-Year Strategic Plan, Objective No. 3 – Our objective is to manage public funds to assure financial stability, prudent rate management and demonstrate responsible stewardship. Our fiscal strategy is to forecast, control and optimize income and expenditures in an open and transparent manner. We will efficiently use our financial resources to assure availability to fund current and future demands.*

Discussion/Analysis: These expenditures were paid in January 2018 and the Board is requested to receive and file the check register.

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: Expenditures are allocated across the six cost centers; 01-Marina Water, 02-Marina Sewer, 03- Ord Water, 04- Ord Sewer, 05-Recycled Water, 06-Regional Water.

Other Consideration: None.

Material Included for Information/Consideration: January 2018 Summary Check Register.

Action Required: Resolution Motion Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-B

Meeting Date: February 20, 2018

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive the Quarterly Financial Statements for October 1, 2017 to December 31, 2017

Staff Recommendation: The Board receives the Quarterly Financial Statements for October 1, 2017 to December 31, 2017.

Background: *5-Year Strategic Plan, Strategic Element No. 3.2 – Regular Financial Updates to Policymakers and Managers.*

Discussion/Analysis: All figures reported for the quarter are based on accrual basis accounting. The District's consolidated financial statement for the quarter includes operating revenues of \$3.909 million and expenses of \$3.067 million, resulting in a net gain from operations of \$0.842 million. The District budget projected net gain from operations of \$0.400 million for the same period.

The difference between the actual net gain from operations for the quarter from the budget gain expectation is \$0.442 million due to the timing of when revenues are earned and expenses are accrued producing different results than those in which the annual budget amounts are divided evenly by quarter.

Summary of Cost Centers:

<u>Description</u>	<u>Actual Qtr</u>	<u>Budget Qtr</u>	<u>Actual FYTD</u>	<u>Budget FYTD</u>
Marina Water				
Revenue	978,741	980,132	2,018,438	1,960,263
Expenses	<u>639,293</u>	<u>731,827</u>	<u>1,277,070</u>	<u>1,463,657</u>
Net Gain/(Loss)	339,448	248,305	741,368	496,606
Marina Sewer				
Revenue	300,675	288,209	602,696	576,418
Expenses	<u>177,921</u>	<u>180,115</u>	<u>321,891</u>	<u>360,231</u>
Net Gain/(Loss)	122,754	108,094	280,805	216,187
Ord Community Water				
Revenue	2,001,330	1,573,021	4,137,020	3,146,041
Expenses	<u>1,681,071</u>	<u>1,638,068</u>	<u>3,032,870</u>	<u>3,276,138</u>
Net Gain/(Loss)	320,259	(65,047)	1,104,150	(130,097)

Ord Community Sewer				
Revenue	628,637	622,535	1,265,157	1,245,072
Expenses	<u>442,275</u>	<u>437,414</u>	<u>758,953</u>	<u>874,828</u>
Net Gain/(Loss)	186,362	185,121	506,204	370,244
Recycled Water Project				
Revenue	40	9	40	18
Expenses	<u>126,761</u>	<u>75,926</u>	<u>127,230</u>	<u>151,852</u>
Net Gain/(Loss)	(126,721)	(75,917)	(127,190)	(151,834)
Regional Project				
Revenue	-	-	-	-
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Gain/(Loss)	-	-	-	-
Consolidated Cost Centers				
Revenue	3,909,423	3,463,906	8,023,351	6,927,812
Expenses	<u>3,067,322</u>	<u>3,063,350</u>	<u>5,518,015</u>	<u>6,126,706</u>
Net Gain/(Loss)	842,101	400,556	2,505,336	801,106

As of December 31, 2017, the District had \$20.764 million in liquid investments. The District also had \$0.851 million of 2010 refunding bond proceeds for debt reserve purposes in the bank.

The District owed \$28.935 million for the 2015 Senior Revenue Refunding Bonds Series A as well as \$3.405 million for the 2010 Subordinate Revenue Refunding Bonds, \$2.761 million to Holman Capital Corporation for the conversion of the Rabobank N.A. construction loan for the BLM building, and \$0.055 million to BVAA Compass Bank Line of Credit for the Regional Urban Water Augmentation Project as of December 31, 2017.

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: None

Other Considerations: None

Material Included for Information/Consideration: Quarterly Financial Statements, Investments and Debt Summary Statements.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-C

Meeting Date: February 20, 2018

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Approve the Draft Minutes of the Joint Board/GSA Meeting of January 22, 2018

Staff Recommendation: The Board of Directors approve the draft minutes of the January 22, 2018 joint Board meeting.

Background: *5-Year Strategic Plan, Mission Statement – We Provide high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

Discussion/Analysis: The draft minutes of January 22, 2018 are provided for the Board to consider approval.

Environmental Review Compliance: None required.

Financial Impact: ___ Yes ___ **X** No Funding Source/Recap: None

Other Considerations: The Board can suggest changes/corrections to the minutes.

Material Included for Information/Consideration: Draft minutes of January 22, 2018.

Action Required: ___ Resolution ___ **X** Motion ___ Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-A

Meeting Date: February 20, 2018

Prepared By: Michael Wegley

Approved By: Keith Van Der Maaten

Agenda Title: Consider Adoption of Resolution No. 2018-09 to Adopt the Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation; Find that the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and is exempt from CEQA under CEQA Guidelines sections 15301 (Existing Facilities), 15319 (Annexations of Existing Facilities and Lots for Exempt Facilities), and 15061, subd. (b)(3) (the “common sense” exemption); and Direct Staff to File an Application with the Local Agency Formation Commission

Staff Recommendation: The Board of Directors adopt Resolution No. 2018-09 to:

1. Adopt the *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation*; and,
2. Find that the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and is exempt from CEQA under CEQA Guidelines sections 15301 (Existing Facilities), 15319 (Annexations of Existing Facilities and Lots for Exempt Facilities), and 15061, subd. (b)(3) (the “common sense” exemption); and,
3. Authorize the General Manager to file Ord Community Sphere of Influence Amendment and Annexation application with the Local Agency Formation Commission and to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution; and,
4. Direct staff to hold off on submitting the LAFCO application for up to 30 days to further work with Seaside County Sanitation District.

Background: *5-Year Strategic Plan, 6.1 Annexation of the Ord Community – To ensure direct representation of the Ord Community in matters related to the District, we will work with Local Agency Formation Organization (LAFCO) to expand the District’s Sphere of Influence and legal boundary to include the Ord Community. During the annexation process the District will work with LAFCO to ensure proper governance is applied to the resultant District. Additional care will be taken to ensure that existing cost centers remain separate so that the City of Marina and the Ord Community remain independent divisions within the District, supporting their individual infrastructure needs.*

The Marina Coast Water District (“MCWD” or “District”) is contractually obligated to provide water, wastewater and in the near future, recycled water service to the former Ord Community under the Water/Wastewater Facilities Agreement with the Fort Ord Reuse Authority (FORA), dated March 13, 1998, under contracts with the U.S. Army and as further described in the Assignment of Easements on Former Fort Ord and Ord Military Community, County of Monterey, and Quitclaim Deed for Water and Wastewater Systems, between FORA and MCWD, dated

October 24, 2001. The term of the FORA agreement is coincident with the legal existence of FORA. FORA is a public corporation of the State of California established by the FORA Act, and will cease to exist on June 30, 2020. Ownership of the water and wastewater infrastructure will remain with the District and service contracts with the U.S. Army remain in effect after FORA.

The District has made significant investment in the Ord Community in the form of water, wastewater and recycled water infrastructure, addition of staff and equipment, adoption of redevelopment standards and procedures, and the preparation of master plans and water supply project studies. Water service for Central Marina and the Ord Community is provided under a single water system permit. MCWD serves 33,000 residents through 8,300 connections.

Acting as the Lead Agency under CEQA, and out of an abundance of caution, the District commissioned Denise Duffy and Associates to prepare and circulate for public review a Public Draft Initial Study/Negative Declaration (IS/ND) to evaluate the potential environmental effects associated with the Ord Community Sphere of Influence (SOI) Amendment and Annexation Project¹. The project proposes areas for annexation and the associated SOI amendment located in Monterey County, the City of Marina and the City of Seaside, California. The areas include developed parcels already served by the District as well as parcels approved for development with the Ord Community. The proposed project area is limited to specific areas within the redevelopment area under the Fort Ord Base Reuse Plan and specifically excludes protected open space areas on the former military base. The SOI and Annexation Project also adds two small areas outside the Ord Community currently served by MCWD: Seaside High School within the City of Seaside as well as a small island area containing Ione Olson Elementary School and the Marina United Methodist Church within the City of Marina.

The Public Draft IS/ND was circulated for public review and comment over a 30 day period ending on January 19, 2018. The Board conducted a public hearing on the District's Public Draft IS/ND for the Ord Community Sphere of Influence Amendment and Annexation on January 22, 2018. The public hearing provided a public forum for consideration of the comment letters and public comments on the Public Draft IS/ND. Following the public hearing the Board directed staff to prepare written responses to public comments before considering taking further action on the Public Draft IS/ND.

Discussion/Analysis: Annexation of the part of the Ord Community that the District currently serves for water supply and wastewater collection would provide improved governance for customers. The proposed SOI amendment and annexation of those areas within the Ord Community already served by MCWD is proposed to add all customers currently served under the service agreements with FORA and the U.S. Army, and as further described in the Assignment of Easements on Former Fort Ord and Ord Military Community, County of Monterey, and Quitclaim Deed for Water and Wastewater Systems, between FORA and MCWD.

Although MCWD chose to prepare the IS/ND out of an abundance of caution and a sincere desire to consider any comments and potential concerns of other interested parties, the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and, even if it was, it qualifies for several exemptions.

¹ The MCWD Board considered an earlier annexation and service area boundary proposal and CEQA document in 2011. A Draft Initial Study/Negative Declaration (IS/ND) was prepared which considered expanding the MCWD Sphere of Influence (SOI) to include all of the former Fort Ord. This IS/ND was circulated for public review on October 31, 2011 through December 15, 2011, and a public hearing to receive oral comments was held on January 10, 2012. The District received written comments on the IS/ND from thirteen individuals and agencies. Based on the comments received, the proposal was not pursued.

Foremost, CEQA does not apply to actions, including boundary changes and other LAFCO decisions, that will not cause or lead to any physical changes in the environment. (See *Simi Valley Recreation & Park Dist. v. Local Agency Formation Com.* (1975) 51 Cal.App.3d 648; *City of Agoura Hills v. Local Agency Formation Com.* (1988) 198 Cal.App.3d 480.) As explained in the IS/ND, the project is an annexation of areas that are already served by MCWD and MCWD remains contractually obligated to provide water and wastewater service to the very areas it seeks to annex, irrespective of whether it sought to annex these territories. The project would not cause any changes in the physical environment or lead to any development, particularly because the properties to be annexed are already developed or have received entitlements for development.

Second, the project fits within the categorical exemption for “Annexations of Existing Facilities and Lots for Exempt Facilities.” (CEQA Guidelines, § 15319.) The annexation would include only areas containing existing public or private structures developed to the density allowed by current zoning and properties that have already received entitlements for development consistent with current zoning.

Third, the project qualifies for the categorical exemption for Existing Facilities. (CEQA Guidelines, § 15301.) As explained in the IS/ND, the project would not change the service provided by MCWD or the facilities used to provide those services. (See *North Coast Rivers Alliance v. Westlands Water District* (2014) 227 Cal.App.4th 832.)

Finally, the project qualifies for the “common sense” exemption provided under CEQA Guidelines section 15061, subdivision (b)(3), which applies where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (See *Muzzy Ranch Co. v. Solano County Airport Land Use Comm.* (2007) 41 Cal.4th 372.) As documented in the IS/ND, the project would not cause or allow any changes in the physical environment and there is no possibility that the project may have a significant effect on the environment.

Although CEQA does not apply to the project, MCWD chose to prepare the IS/ND for the reasons stated above. The Public Draft IS/ND evaluated SOI amendment and annexation of parcels in the Ord Community already served by MCWD and those already approved for development and are entitled to receive service by MCWD. The District’s primary objective is to allow existing customers direct access to the Board and to provide a government structure for direct representation. This will provide an acceptable and fair governance structure for those receiving water and wastewater service from the District.

The proposed project excludes the protected open space areas of the former military base. This includes Ord National Monument, State Parks and areas reserved for open space by cities and the County.

The remaining redevelopment parcels within the Ord Community are designated as “Future Study Areas,” and include future development parcels located in the Cities of Del Rey Oaks, Monterey and Seaside, and unincorporated Monterey County. The Future Study Areas include portions of the Fort Ord Base Reuse Plan not currently approved for development, or identified for future development by local land use agencies with uncertainty regarding service providers or overlapping jurisdictions. These areas outside of the proposed SOI amendment and annexation may be considered for annexation into the District in the future by separate action, concurrent with the development of specific plans for these areas.

The proposed SOI amendment and annexation does not require the construction of new water or sewer infrastructure, and does not constitute an approval of a proposed development. The action of changing the District's Local Agency Formation Commission (LAFCO) boundaries, by itself, will not result in physical impacts on the environment as described herein. The proposed project involves no direct changes to the existing water and wastewater system and the associated system permits. As discussed herein, even if the District did not undertake to annex these territories, it is contractually obligated to provide water and wastewater service to these areas.

The Public Draft IS/ND for the Ord Community Sphere of Influence Amendment and Annexation has been prepared in compliance with the California Environmental Quality Act of 1970, as amended, and the guidelines promulgated thereunder. During the public hearing, held on January 22, 2018, the Board heard comments from the public and testimony from staff and consultant, and considered the IS/ND and this testimony adequately addresses the potential environmental effects of the SOI Amendment and Annexation. No new information or evidence of substantial importance has been received or discovered that would indicate that the proposed project has the potential for new significant environmental effects or that it would substantially increase the severity of previously identified significant effects on the environment beyond that previously analyzed and contemplated under previous environmental documents as identified in the Public Draft IS/ND. Any future development in the Future Study Area would require additional CEQA action and separate SOI Amendment and Annexation.

For these reasons, staff is therefore recommending the Board of Director adopt Resolution No. 2018-09 to adopt the Public Draft IS/ND, find that the project is not subject to CEQA and is exempt from CEQA, and apply for the Ord Community SOI amendment and annexation.

LAFCO anticipates receiving a sphere of influence amendment/annexation application from the Seaside County Sanitation District (SCSD) that will present overlapping boundary issues both with MCWD's existing services within the City of Seaside and with District's contracted service area for development under the Base Reuse Plan in Seaside, Del Rey Oaks and Monterey. LAFCO has indicated both applications will be analyzed for consistency with the Cortese-Knox-Herzberg Act and locally adopted LAFCO policies and procedures. MCWD has and will continue to engage SCSD to coordinate unresolved boundary and water/wastewater matters.

SCSD is planning on submitting a LAFCO annexation application in April 2018 for wastewater service to expand its wastewater service area to the areas of Seaside Highlands and Seaside Ord Military Community, which MCWD currently serves through wastewater infrastructure that MCWD owns and, as to the Seaside Ord Military Community, through a contract with the Army, which will result in an overlap of wastewater services to those areas. MCWD also currently serves Seaside Highlands and Seaside Ord Military Community with water. MCWD and SCSD, as well as LAFCO, desire to eliminate overlapping annexation applications if at all reasonably possible.

SCSD and MCWD have been in meetings to discuss ideas to avoid filing overlapping annexation applications for wastewater service to the areas of Seaside Highlands and Seaside Ord Military Community. MCWD has already completed a significant amount of analysis on the LAFCO application and considered SCSD's desire to take over wastewater service to the areas of Seaside Highlands and Seaside Ord Military Community in the processing of the LAFCO application. As a result of the significant analysis, MCWD strongly believes that its proposed LAFCO application is the best possible governance structure for those areas, which also receive MCWD water. While time is of the essence in annexing those areas that MCWD currently serves to provide

representation to those customers that currently cannot vote for or run for the MCWD Board of Directors yet are served by the District, staff believes a short delay in submitting its annexation application to LAFCO is helpful in working with SCSD to ensure all ideas have been considered. Staff therefore recommends that the Board approve the IS/ND and direct staff to withhold submission of the LAFCO application for up to 30 days in order to further work with Seaside County Sanitation District. Any extension to the 30 days must be justified by staff and approved by the Board at the next regular Board meeting of March 19, 2018.

During the 30-day delay in submitting the application, it is intended that MCWD and SCSD would, out of the abundance of caution, ensure all options have been considered for different governance structures, service agreements or other arrangements that may possibly avoid “an overlap” in the LAFCO applications from MCWD and SCSD. If the Board decides to direct staff to defer submitting the application to work with SCSD, it would be done so with the knowledge that the District is under no obligation to withhold the filing of its application after the expiration period in the event District staff believes the considerations with SCSD are not in the best interests of the District. The 30-day delay for filing the LAFCO application does not include delaying the filing of an NOD that may be necessary. It should also be noted that work may continue on discussion options in parallel with the processing of both SCSD’s and MCWD’s applications with LAFCO should ongoing discussion be necessary.

Other Considerations: Alternatively, if the Board believes that additional time is necessary to evaluate the proposal, then the above actions may be considered at the next Board hearing. Additionally, the Board may direct staff to simultaneously submit the application and continue to work with SCSD as the application may be changed later if necessary.

Financial Impact: ___ Yes X No Funding Source/Recap: None

Material Included for Information/Consideration: Resolution No. 2018-09; Attachment 1 – Proposed SOI Amendment and Annexation Area; Attachment 2 – January 11, 2018 Memorandum from LAFCO; and, Attachment 3 - Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation with Comments and Responses (will be provided separately).

Action Required: X Resolution ___ Motion ___ Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

February 20, 2018

Resolution No. 2018-09
Resolution of the Board of Directors
Marina Coast Water District
Adopting a Public Draft Initial Study/Negative Declaration
for the Ord Community Sphere of Influence Amendment and Annexation

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District” or “MCWD”), at a regular meeting duly called and held on February 20, 2018 at 211 Hillcrest Avenue, Marina, California as follows:

WHEREAS, the MCWD is a County Water District and political subdivision of the State of California, organized under Division 12, sections 3000 and following, of the California Water Code, established in 1960: and,

WHEREAS, the District is contractually obligated to provide water, wastewater and recycled water service to the former Fort Ord (Ord Community) under the Water/Wastewater Facilities Agreement with the Fort Ord Reuse Authority (FORA) dated March 13, 1998, under contracts with the U. S. Army and as further described in the Assignment of Easement on Former Fort Ord and Ord Military Community, County of Monterey, and Quitclaim for Water and Wastewater Systems, between FORA and MCWD, dated 2001; and,

WHEREAS, FORA will cease to exist in 2020, unless extended by State legislation; and,

WHEREAS, the District holds title to, and is the owner of, all of the water, sewer and recycled water infrastructure within the Ord Community; and,

WHEREAS, the District has made significant investment in the Ord Community in the form of water, wastewater and recycled water infrastructure, addition of staff and equipment, adoption of redevelopment standards and procedures, and the preparation of master plans and water supply project studies; and,

WHEREAS, water service for Central Marina and the Ord Community is provided under a single water system permit; and,

WHEREAS, annexation of the part of the Ord Community that the District currently serves for water supply and wastewater collection would provide improved governance for customers by virtue of their inclusion in the jurisdictional boundaries of the District for purposes of voting for, and being eligible to seek election to, the District’s Board of Directors; and,

WHEREAS, the Local Agency Formation Commission (LAFCO) of Monterey County has made the determination that the District may consider annexation of the former Fort Ord portion of its service area upon LAFCO’s adoption of the 2006 Municipal Services Review; and,

WHEREAS, the proposed annexation, in and of itself, would have no impact on the environment with regards to future development, as the District would be obligated to provide water and wastewater services to the area regardless of whether those areas were annexed; and,

WHEREAS, the District exercises no land use authority for the areas to be annexed, therefore the boundary modification cannot make any change whatsoever in the uses to which the affected area may be put; and,

WHEREAS, the Ord Community Sphere of Influence Amendment and Annexation is not subject to the California Environmental Quality Act of 1970, as amended, (“CEQA”) and the guidelines promulgated thereunder (“CEQA Guidelines”) because it would not cause or lead to any change in the physical environment; and,

WHEREAS, the Ord Community Sphere of Influence Amendment and Annexation is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15319, entitled “Annexations of Existing Facilities and Lots for Exempt Facilities” (“Class 19”); and,

WHEREAS, the Ord Community Sphere of Influence Amendment and Annexation is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301, entitled “Existing Facilities” (“Class 1”); and,

WHEREAS, the Ord Community Sphere of Influence Amendment and Annexation is exempt from CEQA under the “common sense” exemption provided under CEQA Guidelines section 15061, subdivision (b)(3), which applies where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (see *Muzzy Ranch Co. v. Solano County Airport Land Use Comm.* (2007) 41 Cal.4th 372), because the project would not cause or allow any changes in the physical environment and there is no possibility that the project may have a significant effect on the environment; and,

WHEREAS, although CEQA does not apply to the proposal, out of an abundance of caution, the District requested that Denise Duffy and Associates prepare and circulate for public review the *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation* pursuant to CEQA and the CEQA Guidelines to address the potential environmental effects associated with the consideration of the MCWD Ord Community Sphere of Influence (SOI) Amendment and Annexation and actions related thereto; and,

WHEREAS, the Public Draft Initial Study/Negative Declaration (IS/ND) evaluated SOI amendment and annexation of developed parcels already served by MCWD in the Ord Community and the District’s primary project objective to allow existing customers direct access to the Board and to provide a government structure for direct customer representation; and,

WHEREAS, the stated purpose of the proposed SOI amendment and annexation of those areas within the Ord Community already served by MCWD is proposed to add all customers currently served under the service agreements with FORA and the U.S. Army, and as further described in the Assignment of Easements on Former Fort Ord and Ord Military Community, County of Monterey, and Quitclaim Deed for Water and Wastewater Systems, between FORA and MCWD, dated October 24, 2001; and,

WHEREAS, the further stated purpose of the proposed SOI amendment and annexation into the District’s service area is to provide an acceptable and fair governance structure for those receiving water and wastewater service from the District; and,

WHEREAS, the proposed SOI amendment and annexation outside of the Ord Community includes customers already served with water and wastewater service including Ione Olson

Elementary School and Marina United Methodist Church in the City of Marina and Seaside High School in the City of Seaside; and,

WHEREAS, the proposed SOI amendment and annexation includes parcels in the Ord Community already served by MCWD and those already approved for development and are entitled to receive service by MCWD; and,

WHEREAS, the proposed SOI amendment and annexation excludes the protected open space areas of the former military base and areas that are not currently approved for development or anticipated for development in the near term; and,

WHEREAS, the proposal also designates as “Future Study Area” the remaining redevelopment parcels located in the Cities of Del Rey Oaks, Monterey and Seaside, unincorporated Monterey County, in the Ord Community, which are not included within the areas to be annexed under the District’s proposal; and,

WHEREAS, the proposed SOI amendment and annexation will result in the inclusion of additional lands already served by MCWD or already approved for development and therefore no service area extension or development is proposed at this time as part of the proposed project; and,

WHEREAS, the action of changing the District’s Local Agency Formation Commission (LAFCO) boundaries, by itself, will not result in physical impacts on the environment as described herein, as whether or not the District annexed those territories, the District remains contractually obligated to provide water and wastewater service to these areas; and,

WHEREAS, the annexation involves no direct changes to the existing water and wastewater system and the associated system permits; and,

WHEREAS, consideration of the written comment letters, public comments and staff and consultants’ responses to the Public Draft IS/ND was given at a Public Hearing held at the January 22, 2018 Board meeting; and,

WHEREAS, SCSD is planning on submitting a LAFCO annexation application in April 2018 for wastewater service to expand its wastewater service area to the areas of Seaside Highlands and Seaside Ord Military Community, which MCWD currently serves through wastewater infrastructure that MCWD owns and, as to the Seaside Ord Military Community, through a contract with the Army, which will result in an overlap in the annexation applications for wastewater services to those areas; and,

WHEREAS, MCWD also currently serves Seaside Highlands and Seaside Ord Military Community with water; and whereas, both parties, as well as LAFCO, desire to eliminate overlapping annexation applications if at all reasonably possible; and,

WHEREAS, SCSD and MCWD have been in meetings to discuss ideas to avoid filing overlapping annexation applications for wastewater service to the areas of Seaside Highlands and Seaside Ord Military Community; and,

WHEREAS, MCWD has already completed a significant amount of analysis on the LAFCO application and considered SCSD’s desire to take over wastewater service to the areas of

Seaside Highlands and Seaside Ord Military Community in the processing of the LAFCO application; and,

WHEREAS, as a result of the significant analysis, MCWD strongly believes that its proposed LAFCO application is the best possible governance structure for those areas, which also receive MCWD water; and,

WHEREAS, time is of the essence in annexing those areas that MCWD currently serves to provide representation to those customers that currently cannot vote for or run for the MCWD Board of Directors yet are served by the District. However, MCWD believes a short delay in submitting its annexation application to LAFCO is helpful in working with SCSD to ensure all ideas have been considered.

NOW, THEREFORE, BE IT RESOLVED, that the MCWD Board of Directors, after consideration of the information contained in the February 20, 2018 Staff Report to the District Board, hereby adopt Resolution No. 2018-09 adopting the *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation*; and,

FURTHER RESOLVED, that the Directors find that the *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation* has been prepared in compliance with the California Environmental Quality Act of 1970, as amended, and the guidelines promulgated thereunder; and,

FURTHER RESOLVED, that the Directors have independently reviewed and considered the information contained in the *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation*; and,

FURTHER RESOLVED, based on the analysis in *Public Draft Initial Study/Negative Declaration for the Ord Community Sphere of Influence Amendment and Annexation* with comments and responses thereto, the Directors conclude that the IS/ND adequately addresses the potential environmental effects of the SOI Amendment and Annexation; and,

FURTHER RESOLVED, that the Directors find that no new information or evidence of substantial importance has been received or discovered that would indicate that the proposed project has the potential for new significant environmental effects or that it would substantially increase the severity of previously identified significant effects on the environment beyond that previously analyzed and contemplated under the Public Draft IS/ND; and,

FURTHER RESOLVED, that the Directors, in approving the Public Draft IS/ND, acknowledge that future development in the Future Study Area may require additional CEQA action by separate SOI Amendment and Annexation; and,

FURTHER RESOLVED, that, notwithstanding its adoption of the IS/ND, the Directors find that the Ord Community Sphere of Influence Amendment and Annexation is not subject to CEQA and is exempt from CEQA under CEQA Guidelines sections 15301 (Existing Facilities), 15319 (Annexations of Existing Facilities and Lots for Exempt Facilities), and 15061, subd. (b)(3) (the “common sense” exemption); and,

FURTHER RESOLVED, that the Directors authorize the General Manager to file a notice of Determination as soon as reasonably practical; and,

FURTHER RESOLVED, that the Directors authorize the General Manager to file the SOI amendment and annexation application with LAFCO and to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution; and,

FURTHER RESOLVED, that the Directors direct staff to delay submission of the LAFCO application for up to 30 days to further work with Seaside County Sanitation District (SCSD), although the District is under no obligation to withhold the filing of its application after the expiration period in the event District staff believes the further considerations with SCSD are not in the best interests of the District.

PASSED AND ADOPTED on February 20, 2018, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Thomas P. Moore, President

ATTEST:

Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2018-09 adopted February 20, 2018.

Keith Van Der Maaten, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-B

Meeting Date: February 20, 2018

Prepared By: Michael Wegley

Approved By: Keith Van Der Maaten

Agenda Title: Consider Adoption of Resolution No. 2018-10 to Amend a Professional Services Agreement with Denise Duffy & Associates for Annexation of the Ord Community into the Marina Coast Water District

Staff Recommendation: Staff recommends that the Board of Directors adopt Resolution No. 2018-10 to Amend a Professional Services Agreement with Denise Duffy & Associates for Annexation of the Ord Community into the Marina Coast Water District to add \$26,150 to the total dollar amount for a not-to-exceed amount of \$56,799 and authorize the General Manager to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution.

Background: *5-Year Strategic Plan Mission Statement – To provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

On May 15, 2017, the District Board of Directors awarded a Professional Services Agreement to Denise Duffy and Associates (DDA) for preparation of the Initial Study/Mitigated Negative Declaration (IS/MND) for the Ord Community Sphere of Influence (SOI) Amendment and Annexation by Resolution No. 2017-30. Following the close of the public hearing for the IS/MND on January 20, 2018, the Board directed staff to prepare responses to public comments on the IS/MND and begin preparing a draft Local Agency Formation Commission (LAFCO) application.

Discussion and Analysis: Additional services by DDA to respond to extensive public comments, attend additional meetings and an additional hearing on the IS/MND under the original agreement total \$11,400. Also, preparing and processing the LAFCO application was not part of the original contract for the IS/MND with DDA. LAFCO application services and meetings are \$14,750 for a total contract amendment of \$26,150. DDA has submitted a scope of work cost proposal detailing the additional services and signed Amendment 1 that is included as Attachment 1.

Environmental Review Compliance: None for the contract amendment

Financial Impact: Yes No Funding Source/Recap: Funded through the FY 2017/2018 Engineering Budget of the Ord Community cost centers.

Other Considerations: Provide staff direction for revisions to the proposed amendment.

Material Included for Information/Consideration: Resolution No. 2018-10; Attachment 1 – Change Order No. 1 for Denise Duffy & Associates.

Action Required: Resolution Motion Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____

Abstained _____

Noes _____

Absent _____

February 20, 2018

Resolution No. 2018 – 10
Resolution of the Board of Directors
Marina Coast Water District

Approving Amendment No. 1 to the Professional Services Agreement with
Denise Duffy & Associates for Annexation of the Ord Community into the
Marina Coast Water District

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on February 20, 2018, at 211 Hillcrest Avenue, Marina, California as follows:

WHEREAS, Denise Duffy & Associates prepared a Draft Initial Study and Negative Declaration circulated for public review in 2011 for the annexation of the entire former Fort Ord; and,

WHEREAS, consideration of the comment letters and the Draft IS/MND was given at the January 10, 2012 Board meeting and formation of an Ad Hoc Committee to direct revisions to the annexation areas; and,

WHEREAS, on August 3, 2015, Board direction was given to staff to resume effort on an annexation application; and,

WHEREAS, Denise Duffy & Associates is knowledgeable about the District and Ord Community and has experience with the preparation of a Draft Initial Study and Negative Declaration; and,

WHEREAS, on May 15, 2017, the Board awarded a Denise Duffy & Associates has proposed a scope for completion of the environmental services and LAFCO application for the annexation

WHEREAS, extensive public comments, additional meetings and an additional hearing on the IS/MND required additional services and responses by Denise Duffy & Associates.

WHEREAS, preparing and processing a LAFCO application will require additional services of Denise Duffy & Associates and staff agrees that the proposal is reasonable.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby approve Amendment No. 1 to the Professional Services Agreement with Denise Duffy & Associates for Annexation of the Ord Community into the Marina Coast Water District to add \$26,150 to the total dollar amount for a not-to-exceed amount of \$56,799 and authorize the General Manager to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution.

PASSED AND ADOPTED on February 20, 2018 by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Thomas P. Moore, President

ATTEST:

Keith Van Der Maaten, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2018-10 Adopted February 20, 2018.

Keith Van Der Maaten, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-C

Meeting Date: February 20, 2018

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive the Marina Coast Water District FY 2017-2018 Mid-Year Report

Staff Recommendation: The Board receives the Marina Coast Water District Mid-Year Report for FY 2017-2018.

Background: *5-Year Strategic Plan, Goal No. 4 – To manage the District’s finances in the most effective and fiscally responsible manner.*

On June 5, 2017, the Board passed and adopted Resolution No. 2017-33 adopting the Marina Coast Water District Budget for FY 2017-2018.

Discussion/Analysis: The FY 2017-2018 Mid-Year Report reflects the consolidated financial activity of the District through December 31, 2017 and compares the activity with the approved budget. This comparison will serve as indication of whether or not the District will need to do a budget adjustment.

The District’s Mid-Year Report includes revenues and other funding sources of \$11.686 million and expenses, including CIP/Capitalized Equipment of \$8.614 million, resulting in net gain of \$3.072 million. The net gain will be used to offset the annual principal debt service which is due and payable in May, 2018.

Some of the individual line-items may have substantial variances from the approved budget however staff has worked diligently to keep the total activity within the total approved budget.

Environmental Review Compliance: None required.

Financial Impact: _____ Yes X No Funding Source/Recap: None

Material Included for Information/Consideration: Mid-year Report for FY 2017-2018 as of December 31, 2017

Action Required: _____ Resolution _____ Motion X Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-D

Meeting Date: February 20, 2018

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Consider Providing Direction to the Board President Regarding Voting for Election of One Regular Special District Representative to LAFCO

Staff Recommendation: The Board of Directors provide direction to the Board President regarding voting for election of one regular Special District representative to the Local Agency Formation Commission of Monterey County (LAFCO).

Background: *5-Year Strategic Plan Mission Statement – To provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

Discussion/Analysis: On February 2, 2018, LAFCO sent a ballot for election of a Special District representative regular member seat. Once the regular representative seat is filled, a second ballot will be mailed for election to the Special District representative alternate seat with a term that will expire in May 2020.

Ballots must be received by LAFCO by March 15, 2018 at 5:00 p.m.

Environmental Review Compliance: None required.

Financial Impact: _____Yes X No Funding Source/Recap: None.

Other Considerations: The Board can decide not to vote for any nominee running for office.

Material Included for Information/Consideration: LAFCO Memorandum regarding Ballot for Election of LAFCO Commissioner – Special District Regular Member.

Action Required: X Resolution _____Motion _____Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Staff Report

Agenda Item: 11-A

Meeting Date: February 20, 2018

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: 4th Quarter 2017 MCWD Water Consumption and Sewer Flow Reports

Summary: The Board of Directors is requested to receive the 4th Quarter 2017 District Water Consumption and Sewer Flow Report. Quarterly water consumption reports of the Ord Community have been submitted to the Board since 2006 and are organized by land-use jurisdiction. Reports submitted since 2016 include the consumption information for Central Marina as well as an analysis of variances between current-year consumption and prior-year consumption. This report includes the water allocations of the various jurisdictions (boundaries) within the Ord Community that currently receive water services from the District.

This staff report also includes tracking information on sewer flows through the Monterey Regional Water Pollution Control Agency's (MRWPCA) Fort Ord and Marina pump stations. Central Marina sanitary sewer flows for the quarter ended December 31, 2017 was 99.920-million-gallons which yielded an average daily sewer flow of 1.086-million-gallons-per-day (MGD). The Ord Community sanitary sewer flows for the quarter ended December 31, 2017 was 83.780-million-gallons which yielded an average daily sewer flow of 0.911-million-gallons-per-day (MGD).

The Ord Community's sanitary sewer flow to the Monterey Regional Water Pollution Control Agency (MRWPCA) interceptor system is measured by a District flume structure located adjacent to the retired Main Garrison wastewater treatment plant.

Below are informational annotations for the data included in the report:

- The rainfall total for the 4th quarter of 2017 (October, November, December) in Marina was 1.34 inches. This amount of rainfall is 3.52 inches lower than the historical quarterly average of 4.86 inches. Marina's rain-year total (past six months) of 0.08 inches is 28% of normal.
- The reference evapotranspiration rate in South Salinas for the 4th quarter was 8.08 inches. This measurement was 1.15 inches above the historic quarterly average reading of 6.93 inches.

Marina Coast Water District
Staff Report

Agenda Item: 11-B

Meeting Date: February 20, 2018

Prepared By: Brian True

Approved By: Keith Van Der Maaten

Reviewed By: Michael Wegley

Agenda Title: Developer Account Update Through December 31, 2017

Background: 5 Year Strategic Plan, Goal No. 2 – Our objective is to provide a high quality water distribution system and an efficiently operating wastewater collection system to serve existing and future customers. Through the master planning process, our infrastructure strategy is to carefully maintain our existing systems and ensure future additions and replacements will meet District standards.

Staff provides quarterly reports to the Board on the status of the Development Accounts. The Board asked staff to improve the delinquent accounts and the process for managing development accounts.

Discussion/Analysis: This 2nd quarter Developer Account Update uses the current format for the Developer Deposit Balances Sheet (attached) first presented to the Board in September 2016. A new project intake process (discussed below) will further refine this format so that in the future, the Developer Deposit Balances Reports will be divided between large and medium/small active projects. This will separate subdivision developers from single parcel developments that have significantly different magnitudes, processes, and levels of outcomes.

Also, staff is working on a reporting system that lists deposits and expenses only for resources utilized to conduct the planning, design, and installation of the proposed project's infrastructure separate from deposits and expenses for other development costs such as meter deposits. A current example of the lack of clarity the inclusion of all payments received (or invoiced and then deemed owed) causes is that the deposits received and invoices not paid under the terms of the suspended 300-AFY Existing Desal Agreement are included in the Developer Deposit Balances Sheet for the Cypress Knolls, Marina Heights (Sea Haven), and Dunes projects. These three projects have deposits (and the lack of payments) that currently impact the Deposit Available or Balance Due, making an accurate assessment of on-hand deposit or balance due for development review difficult.

Another example of this single deposit balance is that costs-to-connect for the large, on-going development projects are included as payments received. These payments, specifically for water meters and to commence sewer service, are generally so large as to blind the value that is really trying to be tracked (i.e. the internal costs for MCWD's labor and consultancies to work with the developers to achieve their objectives).

There are several other internal process improvements simultaneously under way. The project intake process will be changing through the use of a redesigned Development Project Application Form that was provided to the Board during the February 21, 2017 Board meeting. This will improve the internal workflow process and provide a more user-friendly application for small and medium-sized single parcel development projects. More importantly, this form creates a legally enforceable agreement not just for District codes and ordinances but also for cost recovery of

District expenses. The next step is the most challenging - to integrate the form's information fields with MCWD's existing database accounting tools such that the information contained in the new form will become part of the Developer Deposit Balances Sheet in a seamless manner between the Engineering, Customer Service, Operations and Finance Departments. Earlier attempts to use existing modules and methods MCWD possesses were fruitless; the management results that needed to be achieved were not feasibly generated by the existing tools.

Another development project management tool being created, parallel to the Development Project Intake Form, is for reporting back to the development teams providing their resources to MCWD in return for MCWD's services to achieve their project objectives. Getting the two envisioned tools to work together in an integrated fashion is proving challenging and will be a long-term, on-going task. A Development Account Report available for the developers will need to incorporate data/information from several sources that needs to be current and precise. A bridge that might be utilized may be the utilization of the existing CitiWorks program being used by the O&M Department (mainly for work-orders) for the generation of detailed work-flow-processes. This may enable the sharing of data and information between IT tool platforms in a surprisingly straightforward manner. Meetings between staff are being conducted regularly and forward progress is being made during each event; however, the task is daunting and will require many person-hours and much calendar-time to achieve.

The turn on the new Calendar Year has seen the commencement of several development projects. In particular, the State of California appears to be willing to fund the development of the Fort Ord Dunes State Parks. This is significant to MCWD staff because the long recommendation of maintaining a negative balance on a prospective project will be turned over to a positive balance and an active project. At the time of this writing, the \$4,603 balance shown (negative from MCWD's perspective) in today's Attachment on the lines for Fort Ord Dunes State Park will be shown as a positive in the next Development Account update. Other projects that became active during the last period include the Seaside Senior Living Project, the Seaside Resort – Inn at Bayonet, Junsay Oaks Senior Apartments, and action by FORA to demolish the Former Fort Ord buildings in the area that will become the City of Seaside's Campus Town project. A final development project that should gain forward momentum in Calendar year 2018 is the development of the Seaside Resort III – Resort Hotel project that is currently obtaining entitlements from the City of Seaside.