

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
July 14, 2004
7:00 p.m.

Minutes

1. Call to Order:

President Scholl called the meeting to order at 7:00 p.m. on July 14, 2004.

Board Members Present:

Charles Scholl – President
Tom Moore - Vice-President – arrived at 7:01 p.m.
Ken Nishi
David Brown
Dan O'Brien

Board Members Absent:

None.

Staff Members Present:

Mike Armstrong, General Manager
Mike Masuda, Legal Counsel
Marc Lucca, District Engineer
Jade Sullivan, Project Engineer
Paula Carina, Executive Assistant/Board Clerk

Audience:

Paula Pelot	Denise Turley
Charlotte Martin	Keith Israel, MRWPCA
Larry Tubbleville	Ellen Aldridge, Avery Associates
Jeannie Coles	Bill Phillips
Simon Whitmey	Rob Johnson, City of Marina
Bob Schaffer	Tony Altfeld, City of Marina
Sukhjit Purewal	Larry Gallery, RBF Consulting
Doug Yount, City of Marina	
Susan Kiefert	
Curtis Weeks, MCWRA	
Fred Feizollahi, Cal-Am	

2. Oral Communications:

Ms. Susan Kiefert addressed the Board stating that as a District employee in the Customer Service department, she, as well as her fellow employees, take their jobs seriously and make every effort to provide the best possible service to all customers.

3. Presentation:

A. Receive Presentation on the Coastal Water Project from California American Water and Monterey County Water Resources Agency:

Mr. Armstrong introduced Mr. Fred Feizollahi, California-American Water; Mr. Curtis Weeks, Monterey County Water Resources Agency; and, Mr. Larry Gallery, RBF Consultant, explaining that they were in attendance to give a presentation on the Coastal Water Project. Mr. Feizollahi explained the mission and goals of the Coastal Water Project. Mr. Weeks explained the concept of a public/private partnership and how this project could help provide water to areas including Moss Landing, North Monterey County, Fort Ord, and other coastal communities. Mr. Gallery briefed the Board on the project description and environmental assessment process, as well as the proposed timeline and pipeline routes.

Vice-President Moore inquired if evaporating desalination units would be less expensive than reverse osmosis units. Mr. Gallery stated that with new technology, the membranes used in reverse osmosis are more beneficial than the evaporating units. Vice-President Moore asked what volume of Aquifer Storage and Recovery (ASR) would be needed for this project. Mr. Gallery stated the amount of ASR would be between 1500 and 3000 afy. Vice-President Moore questioned which agency decides what information is needed in the Proponents Environmental Assessment (PEA). Mr. Gallery answered that the California Public Utilities Commission (CPUC) has legislative guidelines of what should be included in the PEA and is the final authority on the EIR and the CEQA process.

President Scholl asked if the cost of desalinated water would be less due to the economy of scale. Mr. Gallery stated the larger the desalination plant, the less it would cost per acre foot of desalinated water. President Scholl inquired on the location chosen for the proposed plant. Mr. Gallery stated the location was chosen due to the proximity to the power generating facility and the utilization of cooling water inlet pipes and outfall pipes.

Director Nishi inquired on the percentage of profit Cal-Am was allowed to make. Mr. Feizollahi stated that if a private utility invests funds into that utility, they are allowed to earn a reasonable profit of 4-5%. Mr. Weeks stated that this project was intended to be a non-profit project. It will be a design, build, operate, and transfer project. Cal-Am will design, build and operate the plant. Then after a period of time, it may be transferred to the MCWRA as a public utility.

Agenda Item 3-A (continued):

Mr. Larry Tubbleville, Bay View Community, voiced his concerns over the burden placed on the residents of the former Fort Ord regarding new construction and the impact on the water system.

Mr. Weeks stated that more details on the proposed project will be forthcoming.

4. Action Items:

A. Consider Adoption of Resolution No. 2004-29 to Approve the District Budget and Ord Community Compensation Plan for FY 2004-2005:

Mr. Armstrong introduced this item. Director Nishi asked how the District is paying for CSUMB's portion of capital component charges. Mr. Armstrong stated that the District is not collecting capital component charges from CSUMB at this time, but the rest of the customers in the Ord Community are paying capital component charges.

On motion by Vice-President Moore, seconded by President Scholl; the Board approve Resolution 2004-29 approving the District Budget and Ord Community compensation plan for FY 2004-2005.

Ms. Paula Pelot, Preston Park Tenants Association, stated the residents of the Ord Community are unfairly burdened with these costs and asked that the Board not approve the proposed rate increases in the budget.

Mr. Tubbleville stated the Ord Community is being subjected with additional burden on residents with variable and fixed incomes, as well as disabled people. He also voiced his concerns over the fact that Ord Community residents have no say in the Coastal Water Project. Mr. Tubbleville also stated that he did not feel the Prop. 218 processes were adhered to in the recent rate increase. He then commented on the lack of grant dollars in the proposed budget and stated the District was not utilizing all the resources available.

Ms. Charlotte Martin, Bay View Community, commented on the letter Mr. Armstrong sent to Mr. Roeder that was included in the Board packet correspondence. She stated she understands the District and the City of Marina don't want to take responsibility of the Bay View Community and annex the former Fort Ord. Ms. Martin stated she doesn't understand how to read her meter and doesn't believe the District does either.

Ms. Denise Turley, Preston Park, asked if there were discounted rates available to disabled people and if they were addressed in the proposed budget. Mr. Armstrong stated the District does not have discounted or "lifeline" rates.

Agenda Item 4-A (continued):

Director Nishi stated that the Koff Associates Study should not be included in the budget and should be a negotiated item. He questioned how the numbers were decided upon and how the money was put into the budget. Director Nishi wanted to know what was proposed on the positions that were both over and under the proposed salary ranges. He also questioned the ranges of the proposed new positions. Discussion followed.

Director O'Brien stated the budget is a plan and is flexible, not rigid. He stated that the Board has the former Fort Ord interest at heart and found allowing complaints of raising rates as unusual. Director O'Brien voiced his sympathy with the Ord Community and their problems.

Director Brown agreed with Director O'Brien. He also stated that "old" Marina shouldn't pay for Fort Ord infrastructure. Director Brown stated that the Board needs to consider the future of the Marina Coast Water District.

Director Nishi stated the presentation the District Engineer gave of District infrastructure showed disrepair in the Ord systems. He would like the District to prioritize projects and doesn't believe the District should spend money on a corporation yard when infrastructure needs repair.

President Scholl stated that even though he may seem insensitive to the issues, he does believe they need to be addressed.

The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	No	President Scholl	-	Yes
Director Nishi	-	No			

B. Consider Adoption of Resolution No. 2004-33 to Approve the Water Supply Assessment for the Proposed East Garrison Development:

Mr. Marc Lucca went over the recent changes to the document that arose from the last meeting. Director Nishi asked if the footnote that states; "The MCWD Board of Directors has an expressed desire that this analysis not be precedent setting." would hold up against other developers that may want the same allowances. Mr. Masuda answered that the footnote states the Board's intent.

On motion by Vice-President Moore, seconded by Director Brown; The Board approve the Water Supply Assessment for the proposed East Garrison Development with the added change that the last paragraph on page 5 to be revised to read, "...water allocated to the redevelopment of Fort Ord. These allocations are discussed in..." The motion was passed.

Agenda Item 4-B (continued):

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Yes	President Scholl	-	Yes
Director Nishi	-	Yes			

- C. Consider Adoption of Resolution No. 2004-37 to Authorize the General Manager to Negotiate Amendment No. 1 to the Professional Services Agreement with Schaaf & Wheeler Consulting Engineers for the Bayer Tank Structural/Operational Improvements Project:

Mr. Jade Sullivan introduced this item and explained the recommendations and conclusions made by Schaaf & Wheeler. Director Brown asked for clarification on the recommendation by Schaaf & Wheeler. Mr. Sullivan explained what recommendations Schaaf & Wheeler are looking into. He also explained that they would be making a presentation at the next Board meeting and would go into more detail at that time.

Director Nishi made a motion to postpone this item until Schaaf & Wheeler could make a presentation and explain in further detail what they recommend for the Bayer Tank. The motion failed for lack of a second.

President Scholl asked for clarification on the Bayer Tank recommendation. Mr. Lucca stated that the Bayer Tank needs to be removed and until the Marina Water System Intertie Study is complete, an interim intertie is proposed so that the Bayer Tank could be removed from the Marina system.

Director O'Brien inquired on the location of the replacement tank. Mr. Lucca stated it would be in Zone A but there is not a specific site decided upon at this time. President Scholl asked that Schaaf & Wheeler make a presentation with a complete explanation on the Bayer Tank and any recommendations they are making.

On motion by Director Brown, seconded by Director O'Brien; the Board approve Resolution No. 2004-37 authorizing the General Manager to negotiate amendment No. 1 to the PSA with Schaaf & Wheeler Consulting Engineers. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Yes	President Scholl	-	Yes
Director Nishi	-	No			

The Board entered into closed session at 8:40 p.m.

5. Closed Session:

- A. Pursuant to Government Code Section 54957.6
Conference with Labor Negotiator
Agency Negotiator: William Avery & Associates
Employee Organizations: Teamsters Local 890 and SEIU Local 817

The Board returned to open session at 9:37 p.m.

6. Possible Action on Closed Session Items:

President Scholl stated that general direction was provided to Ms. Ellen Aldridge, Avery Associates.

7. Consent Calendar:

Vice-President Moore requested to pull items E and F from the consent calendar. Director Nishi requested to pull item A from the consent calendar.

On motion by Vice-President Moore, seconded by Director Brown; the Board approve the consent calendar consisting of items B) Consider Adoption of Resolution No. 2004-36 to Approve a Quitclaim Deed for the Transfer of Land and Assignment of Easements for the Former Fort Ord; C) Consider Approving Expenditures for the Month of May 2004; and, D) Consider Approval of Minutes of the Regular Board Meeting of May 12, 2004. Mr. Ian Gillis, East Garrison Project, requested the Board hold four parcels from the quitclaim deed land transfer. President Scholl requested item B to be pulled from the consent calendar.

Director Brown amended the motion to approve the consent calendar consisting of items C) Consider Approving Expenditures for the Month of May 2004; and, D) Consider Approval of Minutes of the Regular Board Meeting of May 12, 2004. Director O'Brien seconded the amended motion. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Yes	President Scholl	-	Yes
Director Nishi	-	Yes			

- A. Consider Adoption of Resolution No. 2004-34 to Accept the Ord Community Water Distribution System Master Plan:

Director Nishi stated he pulled this item because he wanted to vote no on it.

Agenda Item 7-A (continued):

On motion by Director O'Brien, seconded by Director Brown; the Board adopt Resolution No. 2004-34 to accept the Ord Community Water Distribution System Master Plan. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Yes	President Scholl	-	Yes
Director Nishi	-	No			

B. Consider Adoption of Resolution No. 2004-36 to Approve a Quitclaim Deed for the Transfer of Land and Assignment of Easements for the Former Fort Ord:

Mr. Armstrong explained that the four parcels of land Mr. Gillis had spoken of when he requested the item be pulled from the consent calendar were located in East Garrison and the District was contemplating trading those parcels for other land with the East Garrison Developers. Mr. Armstrong stated that there may be different deed restrictions on the parcels but he recommended going forward with the transfer and if the restrictions were different, dealing with it at a later date. Discussion followed. Director Nishi asked if this item was time sensitive. Mr. Armstrong stated that although it has taken time to get information from the Army, he recommends going forward with the transfer.

Director Nishi made a motion to table the item for two months. The motion failed for lack of a second. Mr. Doug Yount, City of Marina, suggested the Board hold off on this item as the City and District are looking into possibly swapping corporation yard sites. Mr. Armstrong then stated that the Board may want to consider holding this item for several more weeks so that details and more information could be worked out.

On motion by Director Brown, seconded by Director O'Brien; the Board table this item for two weeks and bring it back to the July 28, 2004 meeting. With a vote of 4-Ayes, 1-No, 0-Absent, the motion was passed.

E. Consider Approval of Minutes of the Special Board Meeting of May 19, 2004:

Ms. Paula Pelot commented that on June 23, 2004 she submitted amendments to the minutes of May 19th and would like the minutes amended to show her changes, or, if the Board chooses not to amend the minutes, she would like her amendments entered into record. Director Brown commented that he believed Ms. Pelot's minutes were more correct. President Scholl stated that after reviewing the original minutes, he felt that they fairly represented the meeting. Ms. Pelot stated that the minutes were inaccurate and inadequate.

Agenda Item 7-E (continued):

On motion by Director Brown, seconded by Director Nishi; the Board approve the minutes of May 19, 2004 with Ms. Pelot's changes incorporated. President Scholl asked for clarification. Director Brown amended his motion to request to have Ms. Pelot's changes incorporated into the minutes and resubmitted at the next Board meeting. With a vote of 4-Ayes, 0-Noes, 0-Absent, 1-Abstained, the motion was passed.

F. Consider Approval of Minutes of the Regular Board Meeting of May 26, 2004

On motion by Director Brown, seconded by President Scholl; the Board request to have Ms. Pelot's changes incorporated into the minutes and resubmitted at the next Board meeting. With a vote of 3-Ayes, 0-Noes, 0-Absent, 2-Abstained, the motion was passed.

President Scholl noted that it was 10:05 p.m. and asked if there was a motion to adjourn. Hearing none, he recessed the meeting from 10:05 until 10:10 p.m.

8. Discussion Item:

A. Consider District Governance Alternatives and Comments by Marina City Council on June 15, 2004, and Provide Direction to Staff:

Mr. Armstrong introduced this item. Director Brown voiced his concern over the comments made by Councilmember McCall at the recent City Council meeting. He also stated that the District owes it to the Ord Community to annex through LAFCO to allow representation on the Board so that Ord Community residents are not subject to "taxation without representation".

Vice-President Moore stated he did not feel it was taxation without representation as the District deals with rates not taxes and also said that there was representation through City Council, albeit slight. Vice-President Moore said that if California Water Company or California American Water had been successful in bidding on the former Fort Ord utility system instead of MCWD, the same Ord Community residents would be in front of them complaining about the rates. He also stressed that the Marina and Ord Community are two separate systems and should be kept financially separate. Vice-President Moore said he sees a risk with annexation as a future Board might arbitrarily decide to do away with the financial distinctness. He stated that he will continue to support keeping financial separateness and doing smart things to save both sides money.

Agenda Item 8-A (continued):

Director Nishi stated that when the District took over the Fort Ord utility system he thought the District would work on the policy of economy of scale. He said that to keep both systems separate is falling into the same trap as CSUMB is in the negotiations, by not paying for something that affects someone else. Director Nishi commented that the economy of scale is taking the whole pie and getting the income from everybody and making the whole system whole. He would like to see the Board open the lines of communication and reach out to the people on the Fort Ord and treat them like they are represented by the elected members of the Board. Director Nishi stated that even though they don't have elected individuals to represent them, the Board has a responsibility to listen to and address their concerns as well as the people of Central Marina.

President Scholl commented that following the Joint City/District Committee meeting, he walked away with the understanding that everyone involved needs to be very conscious of the potential damage that can be done to everyone involved and negatively impacting the efforts of the developers. The City/District meetings should be used as an avenue to iron out differences. President Scholl suggested a possible joint District Board/City Council meeting. He also stated that the Board might consider a governance workshop or town hall meeting to come up with direction or consensus of which way to go.

Director O'Brien stated he could see that "at large" elections is the least complex method of governance. He could see a problem with people who may not be ratepayers, i.e. CSUMB students or people in Army housing, getting a vote and diluting the ratepayers input even further. Director O'Brien agreed with the idea of a town hall meeting allowing all pros, cons and inputs to be put on the table so everyone can get their voice known and opinion stated.

President Scholl commented that in three months, following the election, there may be new members elected to the Board requiring an educational process. Regarding governance, he stated that the Board needs to make sure it provides appropriate long term representation for all involved.

Ms. Pelot addressed Vice-President Moore's comment that the former Fort Ord is one community and Central Marina is another. She stated that it is more complicated than that. The Ord Community has Preston Park, Abrams Park, and Bay View Community as well as others. Ms. Pelot also commented that the word "taxation" was not used at the meeting, but "surcharge". Regarding the comments on Cal Am and Cal Water, she stated that the Marina Coast Water District was chosen because Ord could execute this type of surcharge with the District and not with Cal Am. Ms. Pelot stated that a joint meeting should include all city councils, not just Marina.

Agenda Item 8-A (continued):

President Scholl commented that a town hall meeting should include all jurisdictions.

Director Nishi stated that the Joint City/District Committee was formed long ago so that things wouldn't be aired out in public and to allow open lines of communication. Issues should be solved in a committee without getting into the newspapers. Director Nishi would like to see Director's making themselves available at a town hall meeting to receive input and concerns of ratepayers. President Scholl suggested an Ord Community/District town hall meeting.

Director Brown stated that it might be better to wait until after the elections because there may be new members on the different City Councils as well as the District Board.

Director Nishi stated the District needs to reach out to the Ord Community residents and they have a right to representation. President Scholl asked if Director Nishi would be in favor of a joint Ord Community/District meeting. Director Nishi stated he would be in favor of a joint meeting.

Ms. Pelot suggested identifying groups i.e. Preston Park, Abrams, Army, Navy, Bay View, and ask that they each select a representative. The Board discussed whether to have staff provide a list of the different groups in Ord Community and bringing it back to the next meeting. President Scholl requested this issue be brought back to the next meeting for further discussion.

9. Review Draft Board Items:

- A. Review Draft Board Transmittal to Consider Authorizing the General Manager to Send a Comment Letter to the City of Sand City on its Water Supply Draft Environmental Impact Report:

Director Nishi commented that he did not think the letter should state that the District owns and operates a desalination plant since the plant hasn't run since last year. Mr. Armstrong stated that Sand City is aware that the plant has not operated in the last year. Director Nishi stated that he thought the Board directed staff to notify Sand City that the District is not interested in selling the 300 afy of desalinated water to them. Mr. Armstrong clarified that the only direction given by the Board was that the desalination plant was not for sale, but everything else is still being discussed. Discussion followed.

Mr. Doug Yount, City of Marina, voiced the City's concerns over the availability of water. He requested that the Board delay the discussion of this item as it is premature given the fact that the Regional Urban Water Augmentation EIR is not yet complete. He suggested waiting until the Board better understands the implications of potable and non-potable water, as well as the issue of updating the Urban Water Management Plan.

Agenda Item 9-A (continued):

Director's Nishi, O'Brien, Moore, and Brown requested copies of the Sand City EIR. President Scholl requested this item be brought back to the July 28, 2004 Board meeting for further discussion. Vice-President Moore stated that he was never an advocate of selling the District's 300 afy desalinated water supply.

B. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Accept the Final Corporation Yard Master Plan:

Mr. Armstrong introduced this item. He explained that the District staff and staffs of the City of Marina, and CSUMB have met and were discussing possible corporation yard sites on the CSUMB property. Director Nishi asked if the CSUMB property is an EDC or PBC. Mr. Yount stated that he believed it was a PBC. Director Nishi asked for information on the difference between an EDC and PBC. Discussion followed. Mr. Sullivan stated that the master planning effort is complete and is awaiting acceptance. President Scholl requested this item to be placed on the consent calendar for July 28, 2004.

Director Brown left the meeting at 11:05 p.m.

C. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Approve a Professional Services Agreement for On-Call Plan Check Services:

Mr. Lucca introduced this item. He stated there would be no cost to the District as the Developers would pay the plan check service fees. Mr. Lucca added that this would be a one-year contract with a one-year option. President Scholl requested this item to be placed on the consent calendar for July 28, 2004.

D. Review Draft Board Transmittal to Consider Approving the Expenditures for the Month of June 2004:

No questions or comments. President Scholl requested this item to be placed on the consent calendar for July 28, 2004.

E. Review Draft Board Transmittal to Consider Approval of Minutes of the Regular Board Meeting of June 9, 2004:

No questions or comments. President Scholl requested this item to be placed on the consent calendar for July 28, 2004.

10. Staff Reports:

A. Highway One – 24 Inch Diameter Sewer Main Project:

Mr. Sullivan stated that a PSA with Winzler & Kelly was approved to provide an analysis, design and construction management services on the 24” sewer line and since then found that the 12” sewer line was in just as poor condition as the 24” line. Staff is proposing an amendment to the PSA, but that the work could be done on both sewer lines within the 24” line budget.

B. Desalination Plant – Update:

No discussion.

C. Water Augmentation Project Draft Program Environmental Impact Report:

No discussion.

D. Negotiations with CSUMB on Capital Charge Component:

Director Nishi commented on the clause in the staff communication with CSUMB that states in case of disagreement, parties may consider arbitration. He disagreed with arbitration. Mr. Armstrong stated that the clause was in place just in case, but the District may want to think about legal strategy. He also stated that the District has no choice but to negotiate with CSUMB as the law provides. Discussion followed. Vice-President Moore asked about recharacterizing the rates. Mr. Armstrong stated that discussions with Bartle Wells regarding rate structures are occurring. Director Nishi asked if the District could collect capital component charges on projects that are off CSUMB property but benefit CSUMB. Mr. Armstrong stated the District could not.

11. Correspondence:

12. Director’s Comments:

Director Nishi suggested that the District should offer State Parks the service of cleaning the sand from the beach parking lot and using that sand to cover the exposed vault. Mr. Armstrong stated that the District looked into that and there was not enough sand to cover the vault. Director Nishi said that now the vault is covered the District should provide parking lot clean up and move the sand to cover the vault on an on-going basis.

Director Nishi commented on an article in the newspaper that incorrectly stated the desalination plant was paid via a bond and that the desalinated water costs ten times as much as groundwater.

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He would like to see a correction to correct what was said. President Scholl suggested that Director Nishi, as the Community Outreach Chairman, send a letter correcting those statements. He also stated that the District should be confident enough to let those comments go without dragging out the issue. President Scholl added that Director Nishi is welcome to write a letter to correct the misstatements made about the desalination plant.

Vice-President Moore apologized for missing the last two meetings due to military service.

13. Adjournment:

The meeting was adjourned at 11:25 p.m.

APPROVED:

Charles H. Scholl, President Date

ATTEST:

Michael D. Armstrong, General Manager