

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
October 13, 2004
7:00 p.m.

Minutes

1. Call to Order:

President Scholl called the meeting to order at 7:00 p.m. on October 13, 2004.

Board Members Present:

Charles Scholl – President
Tom Moore – Vice-President
Ken Nishi
Dan O'Brien

Board Members Absent:

David Brown

Staff Members Present:

Mike Armstrong, General Manager
Lloyd Lowrey, Legal Counsel
Marc Lucca, District Engineer
Suresh Prasad, ASO Finance and Technology
Connie Chavoya, ASO Administration and Personnel
Richard Youngblood, Water Conservation Specialist
Paula Carina, Executive Assistant/Board Clerk

Audience:

Jim Brezack, RBF Consulting
Denise Duffy, Denise Duffy & Associates
Simon Whitmey
Bob Shaffer
Sid Williams
Anthony Altfeld, City of Marina
Paula Pelot, Preston Park Tenants Association
Jeanne Coles
Zeke Bean
Rosemary Kenner

2. Oral Communications:

None.

3. Action Item:

- A. Consider Adoption of Resolution No. 2004-54 to Approve a Resolution of Intention to Approve a Contract Between the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the Marina Coast Water District:

Ms. Connie Chavoya, ASO Administration and Personnel, introduced this item. Vice-President Moore inquired on the COLA adjustment and asked if the COLA adjustment for the pension was what the District agreed to. Ms. Chavoya stated the District agreed to the 2% COLA adjustment. Vice-President Moore inquired on the resolution for the EPMC. Ms. Chavoya stated that the Board would consider the EPMC resolution on November 10, 2004.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board adopt Resolution No. 2004-54 approving a Resolution of Intention to approve a contract between the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the Marina Coast Water District. Vice-President Moore encouraged his fellow Board members to approve this resolution as it is the result of several months of hard work and is superior the District's current retirement program. President Scholl agreed and reiterated that it benefits both the District and the employees. The motion was passed.

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

4. Review Draft Board Items:

- A. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Certify the Final Environmental Impact Report for the Water Augmentation Project:

Mr. Marc Lucca, District Engineer, introduced this item. Ms. Denise Duffy, Denise Duffy & Associates, gave a presentation to the Board on the background of the project, draft and final EIR, certification of Final EIR in accordance with CEQA, and CEQA requirements for the FEIR & Findings. Vice-President Moore asked if the FEIR certification is for the Board to certify that the report is adequate to make a decision with regard to the environmental impacts. Ms. Duffy affirmed that was the reason for the certification. This item was forwarded to the October 27, 2004 meeting for consideration following the Public Hearing.

C. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Authorize the Ord Community Storage Tanks “B” and “F” Rehabilitation Project:

Mr. Lucca introduced this item. He explained that both tanks would be removed from service for approximately thirty days in order to remove sediment, inspect them, and seal the tank interiors. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

D. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Authorize the Design Phase of the Lift Station No. 5 Replacement Project:

Mr. Lucca introduced this item. Vice-President Moore asked when the District could expect reimbursement from the Armstrong Ranch development. Mr. Lucca stated he is expecting reimbursement for out-of-tract improvements but not sure of the timeline. Vice-President Moore asked if the District should wait until the Armstrong Ranch development is ready before moving forward with this project. Mr. Lucca stated that the condition of the facility does not lend itself to waiting for the Armstrong Ranch development. Vice-President Moore asked if the existing site would be used. Mr. Lucca answered that he was not sure if the site was large enough and that it would depend on the final design. Director O’Brien asked where Lift Station No. 5 was located. Mr. Lucca stated that it was on Cosky Drive. President Scholl asked if the Lift Station required replacement even though the Armstrong Ranch development may not happen. Mr. Lucca answered that the replacement was needed regardless of what happens with the development. President Scholl asked if this project was identified in the current budget. Mr. Lucca stated the project was included in the budget. Director Nishi asked if there was a conflict of interest if a director lived within the vicinity of the Lift Station No. 5. Mr. Lowrey stated that if a director lived in the vicinity of the project and the project benefited the Armstrong Ranch which had an impact on the value of a director’s property, then the director should refrain from participating in the decision-making process. Director Nishi asked what the distance would be for it to be a conflict. Mr. Lowrey stated there were different levels; 300 feet, 1000 feet, and if the project affects the individual any differently than it does of the population in general. He then stated that the replacement alone would not affect any individuals as the facility already existed but the replacement with the ability to serve the Armstrong Ranch could have implications. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

B. Review Draft Board Transmittal to Receive Analysis Report from Bartle Wells Associates Regarding Rates, Fees and Capital Charges for the Ord Community Service Area:

Mr. Suresh Prasad, ASO Finance and Technology, introduced this item. Director Nishi asked if the District was considering reimbursing developers in Marina if the District reimburses the initial developers in the Ord Community for capital projects. Mr. Prasad stated that he did not believe that any initial developer in Marina had ever been reimbursed when other developers came on line.

Agenda Item 4-B (continued):

Director Nishi stated that he can't support having the initial developers pay for the capital project and waiting to be reimbursed when other developers come on line as it could take years before that happens. He would have liked to see Board input into the alternatives being analyzed. President Scholl stated that he would like to see the title of the document reference that this is for the Ord Community. Vice-President Moore asked what alternative Director Nishi would like Bartle Wells to analyze. Director Nishi stated he does not want the reimbursement issue looked into. Vice-President Moore stated he would like to see the reimbursement alternative looked into and didn't think it should be discarded until the alternative was analyzed.

Director O'Brien commented that the reason for this analysis is that there is no reserve fund in the Ord Community and the District should look into ways to alleviate the situation so ratepayers don't have to pay for capital expansion projects. President Scholl stated that it needs to be clear that FORA created the pay-as-you-go concept and not the Marina Coast Water District. He also wanted to be sure that FORA was aware that the District was looking into changing that concept. Mr. Armstrong answered that FORA staff was aware of the present analysis. Director Nishi commented that this is a policy issue and the elected officials should be involved with this analysis. Mr. Armstrong stated that he is looking for the District Board to comment, provide input and mold this analysis so that when the Board thinks the analysis is ready, it will go to FORA at the staff level and then be ready for discussions between the two boards.

Mr. Sid Williams commented that the reimbursement alternative is only for consideration and sees no problem with looking at it. He also asked how Bartle Wells expects to make developers pay to put in a pipe that is larger than they need.

Director Nishi asked if the rates were figured without the CSUMB participation. Mr. Prasad stated that the analysis hasn't proceeded to that detail yet. Mr. Armstrong added that the spreadsheet models are able to be run with whatever information the Board would like to see.

Ms. Paula Pelot, Preston Park Tenants Association, commented that the District should proceed with the best guess of what the outcome could be regarding the CSUMB negotiations.

This item was forwarded to the October 27, 2004 agenda as an action item.

- F. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2004-xx to Approve the District Technology Plan Appendix for FY 2004-2005:

Mr. Prasad introduced this item. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

G. Review Draft Board Transmittal to Consider Approving Expenditures for the Month of September 2004:

There were no questions or comments on this item. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

H. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of September 8, 2004:

There were no questions or comments on this item. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

I. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Special Board Meeting of September 15, 2004:

There were no questions or comments on this item. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

J. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of September 22, 2004:

There were no questions or comments on this item. This item was forwarded to the consent calendar on the October 27, 2004 agenda.

President Scholl recessed the meeting from 8:05 until 8:17 p.m.

E. Review Draft Board Transmittal to Consider Directing Staff to Request that the Local Agency Formation Commission (LAFCO) of Monterey County Expedite the Service Review of the MCWD Area in Preparation for the District's Consideration of the Annexation of the Ord Community Service Area:

Mr. Armstrong introduced this item. Vice-President Moore commented that a service review does not mean annexation and asked Mr. Armstrong to explain the next steps in the LAFCO process. Mr. Armstrong stated that LAFCO is required to complete a service review every five years to look at the community or area that is being served and find out what makes the best sense as to the provision of services by cities and districts. Once the service review is complete, LAFCO will share their findings with the public and at that time anyone can request annexation.

Ms. Jeanne Coles commented that she would like to see the Ord Community annexed as soon as possible so that their rates would not be three times as high as others.

Agenda Item 4-E (continued):

Vice-President Moore commented that as long as the District and FORA have an agreement and even if the District does annex the Ord Community allowing the ability to vote for District Board members, that alone will not lower the rates in the Ord Community. A way to lower rates in the Ord Community may be discovered in the Bartle Wells analysis.

Director O'Brien commented that a new Board would need time to come up to speed and that the Mission Statement says that the District's job is to serve the ratepayers and give them quality service. He also commented that there are problems that need to be worked out with boundaries showing who is a ratepayer and who can vote for members of the Board, and he encouraged the Board to take a proactive position with LAFCO.

Mr. Armstrong explained that LAFCO's mission is all about the orderly provision of services and making sure that communities are best served by the districts and agencies that provide services.

Mr. Zeke Bean, CSUMB student, encouraged the Board to request that LAFCO expedite the process of annexation.

Ms. Pelot commented that most Ord Community residents are aware that annexation will not necessarily affect the rates but it does affect their sense of being able to participate in this District either by voting for or becoming a Board member. She also asked that the Board make a recommendation for annexation and to ask LAFCO to expedite the service review.

Mr. Williams asked if it was possible that LAFCO could consider giving the Ord Community service to California American Water Company. Mr. Armstrong stated that anything was possible but it was very unlikely especially with the District's ownership of the systems and the agreement with FORA. Mr. Williams stated it was prudent to extend the sphere of influence for the District.

Ms. Rosemary Kenner, CSUMB, thanked the Board for looking at this topic and encouraged them to recommend that LAFCO expedite the service review to allow voting privileges in the Ord Community.

Director Nishi commented that the District shares part of the Ord Community with Monterey County and suggested that the Board approach LAFCO requesting exclusive governmental structure on the Ord Community. Mr. Lowrey gave an explanation of the boundaries and how they are decided. Director Nishi stated it could be difficult having to answer to two agencies.

Agenda Item 4-E (continued):

Vice-President Moore inquired if LAFCO could change the boundaries or if it must be established by Legislature. Mr. Lowrey stated that it must be established by Legislature and he would review the Legislation to see what authority LAFCO has.

President Scholl asked if the Board desired to go beyond the fact that LAFCO is conducting the service review. Director Nishi asked to have the issue of Governance on the Planning Workshop.

Ms. Pelot commented that it is unfair to keep delaying this issue and the Board needs to address it and make decisions.

Director O'Brien commented that he would like to move this item along. Mr. Lowrey stated that it was drafted to bring back to the October 27, 2004 agenda as an action item. Mr. Armstrong asked if the Board wanted this item as an action item or as a planning workshop item. He explained that the Board could only take action if it is an action item. Director O'Brien asked that it be left as an action item.

This item was forwarded to the October 27, 2004 agenda as an action item.

5. Discuss Possible Agenda Items for the October 27, 2004 Planning Workshop:

Mr. Armstrong commented that he didn't feel it was too soon to start discussing the next steps in water augmentation alternatives. President Scholl suggested having a water conservation item for discussion as well.

6. Director's Comments:

Director Nishi commented that he had several questions that he would like answered.

1. How can CSUMB put in 700 units for student housing when the existing use was far less, approximately 25?

2. Why can't Director Nishi get an item on the agenda? He asked that the Pajaro Sunny/Mesa desalination project get equal consideration from the Board as did Cal Am.

3. At the FORA Board meetings when the District-appointed director and alternate are both absent because the alternate is not informed, the General Manager, Mike Armstrong, is allowed to sit at the dais at the FORA Board meetings. How can legal counsel allow that? Mr. Lowrey stated that he could provide an answer at the next Board meeting as this was just Director's comments.

Agenda Item 6 (continued):

4. At the last meeting in which he was present, President Scholl expressed his frustration that the Strategic Plan was not accomplished during his tenure. It is the President's job to set the agendas to ensure that he is able to get done what he needs to, not the General Manager's.

5. How are the homes by the City of Marina corporation yard getting their water?

6. In a recent Weekly Update, the General Manager stated that the Seaside County Sanitation District's (SCSD) Master Plan accounts for full sewage collection system from the City of Seaside and Del Rey Oaks and that staff will begin negotiating terms of routing sewage through the SCSD and present draft final documents to the MCWD Board for approval along with the SCSD Board. Rerouting sewage should be a Board decision.

7. Adjournment:

The meeting was adjourned at 9:20 p.m.

APPROVED:

Charles H. Scholl, President

Date

ATTEST:

Michael D. Armstrong, General Manager