

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
October 27, 2004
7:00 p.m.

Minutes

1. Call to Order:

President Scholl called the meeting to order at 7:00 p.m. on October 27, 2004.

Board Members Present:

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

Board Members Absent:

None.

Staff Members Present:

Mike Armstrong, General Manager
Lloyd Lowrey, Legal Counsel
Marc Lucca, District Engineer
Suresh Prasad, ASO Finance and Technology
Jim Dowless, Operations and Maintenance Superintendent
Paula Carina, Executive Assistant/Board Clerk

Audience:

Denise Duffy, Denise Duffy & Associates
Tom Gaffney, Bartle Wells Associates
Rob Saperstein, Hatch & Parent
Simon Whitmey, Marina Community Partners
D'Anne Albers, Friends of the Sea Otter
Sid Williams
Keith Israel, MRWPCA
Peggy Shirrel, MRWPCA Chair
Paula Pelot, Preston Park Tenants Association
Ian Gillis, East Garrison Partners
Michael Shaw
Joe Correa

Jim Feeney, FORA
Doug Yount, City of Marina
Dewey Baird
Bob Shaffer
Arland Schneider, City of Sand City

2. Oral Communications:

None.

3. Action Item:

- A. Consider Adoption of Resolution No. 2004-55 in Recognition of Mr. Joe Correa, System Operator II, as Employee of the Quarter for October – December 2004:

Mr. Armstrong, General Manager, read the narration.

On motion by Vice-President Moore, seconded by Director Brown; the Board adopt Resolution No. 2004-55 recognizing Mr. Correa as employee of the quarter for October – December 2004 and awarding him with a check for \$100 and four hours off with pay. The motion was passed.

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

4. Public Hearing:

- A. Accept Comments from the Public on the District's Final Environmental Impact Report for the Marina Coast Water District Regional Urban Water Augmentation Project:

Mr. Armstrong introduced this item. Ms. Denise Duffy, Denise Duffy and Associates, gave a brief presentation to the Board regarding the process leading to the Final EIR for the Regional Urban Water Augmentation Project. Ms. Duffy clarified that certification by the Board concludes that the report is adequate to make a decision with regard to the environmental impacts and that the findings and facts in the report relate to the requirements of CEQA.

President Scholl opened the Public Hearing at 7:12 p.m.

Mr. Keith Israel, MRWPCA General Manager, handed out a letter from the MRWPCA dated October 27, 2004 regarding comments on the FEIR and supporting the hybrid alternative. Mr. Israel strongly supports the hybrid project and stated that recycled water was proven to be environmentally superior over the other alternatives.

Ms. D'Anne Albers, Friends of the Sea Otter, thanked the District for the comprehensive environmental study and voiced her support for the recycled water alternative as it has little impact on sea life.

Agenda Item 4-A (continued):

Mr. Jim Feeney, FORA, thanked the Marina Coast Water District for the hard work and effort put into the Regional Urban Water Augmentation Project and commented on the need to work together to provide needed resources. Mr. Feeney also provided information on the development fee that is collected by FORA on new development, and how a portion of that fee will be available to help fund the augmentation project.

President Scholl closed the Public Hearing at 7:25 p.m.

Ms. Duffy responded to comments made during the Public Hearing. Ms. Duffy stated that the first page of the MRWPCA letter voiced their preference of an alternative. The second page of the letter states that the hybrid alternative was not adequately dealt with or did not have enough information and requested additional information on the hybrid alternative. Ms. Duffy respectively disagreed stating that the hybrid alternative was covered in several sections of the EIR and as a hybrid alternative it was covered in both the desalination and recycled water alternatives. As to the recycled water alternative being a superior alternative, Ms. Duffy stated that through CEQA both the desalination and recycled water alternatives had no significant unavoidable impacts. Ms. Duffy addressed the third page of the letter, stating that the FEIR does acknowledge that comments were received on the draft EIR and that concerns were expressed by those agencies that provided specific comments.

Director Brown asked Mr. Israel why the Board just now received the letter from MRWPCA dated October 27, 2004. Mr. Israel apologized stating the MRWPCA had received the FEIR two weeks prior and had been reviewing all the comments in the document and worked hard to have their comments before this evening but this was the best they could do.

Vice-President Moore inquired on Ms. Duffy's response to the letter No. 8, State of California Department of Health Services (CDHS) office of Drinking Water, page 4-49. He stated that the message was unclear. Ms. Duffy answered that the draft EIR, page 4-914, described water quality requirements of CDHS and as this is a programmatic EIR details are not required until after the project is selected.

5. Action Items:

- A. Consider Adoption of Resolution No. 2004-56 to Certify the Final Environmental Impact Report for the Water Augmentation Project:

Mr. Lucca gave a brief recap of this item.

Agenda Item 5-A (continued):

On motion by Director Brown, seconded by Vice-President Moore; the Board certify the Final Environmental Impact Report for the Water Augmentation Project. The motion was passed.

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

B. 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 and Mr. Tom Gaffney, Bartle Wells Associates. Mr. Gaffney gave a presentation on Capital Project Revenue Alternatives. Mr. Gaffney stated the District was looking at \$100 million in capital projects over the next five years in the Ord Community service area. He explained several alternatives to help pay for these capital projects.

Vice-President Moore asked if the \$100 million in capital projects included the value of the intract projects and repair and restoration projects. Mr. Gaffney stated they were not included. Vice-President Moore asked to have the estimated dollar amounts for each of the categories on slide 5. Discussion followed regarding uniform capacity charge with reimbursement.

Director O'Brien asked if the CIP numbers are based on the FY 2004-2005 Budget. Mr. Gaffney stated yes, they were. Director O'Brien asked who would fund new wells if the TCE contamination affected the District wells. Mr. Armstrong stated that a new well is in the current budget.

Director Nishi inquired on the baseline rates and if CSUMB was figured in the rates. Mr. Gaffney stated that CSUMB was not in the baseline rates. Discussion followed regarding capacity charges and estimated water usage.

Director Nishi suggested at the next meeting, the Board make a policy on which way they would like to recommend to FORA on how to address this problem.

Mr. Feeney explained the 1996/1997 Agreement with FORA, how it was derived and how a financial strength analysis was performed to ensure the District had a funding capacity of \$50 million, which at that time was sufficient to cover the projected capital demands for the water and wastewater collection systems. He added that now more is known about the infrastructure and capital costs are double what were expected to be so there may be a need to change the agreement. Mr. Feeney suggested that senior staff meet to begin looking at a process to address this issue.

Agenda Item 5-B (continued):

Mr. Michael Shaw suggested that projects that benefit only future users be put in one baseline and projects that benefit all or current users be put into another baseline. Mr. Gaffney agreed and stated that is what was done.

Mr. Ian Gillis, East Garrison Partners, inquired on the connection fees/capacity charges. Mr. Gaffney explained the capacity charges.

Mr. Simon Whitmey, Marina Community Partners, asked if a capacity charge would replace an equalization charge. Mr. Gaffney stated there would be either a capacity charge or an equalization charge.

Ms. Pelot reminded everyone that the existing Ord Community customers have been paying the CIP for everyone, including CSUMB.

Mr. Whitmey suggested that the Board work with the WWOC and the FORA Administration Committee with due deliberation and close consultation and allow the developers to participate in the process as well.

President Scholl asked Mr. Armstrong to elaborate on how he envisions the District and FORA working together on this issue.

Mr. Armstrong stated that this was the first look at the alternatives provided by Bartle Wells Associates and the Board was not being asked to arrive at a conclusion. As this is a sensitive and complex issue there is a need to work closely with the WWOC and FORA Admin Committee. Mr. Armstrong advised asking District staff to work with FORA staff to frame a process that will allow this issue to be presented to the WWOC and Admin Committee before the Boards get involved.

Mr. Doug Yount, City of Marina, inquired on what timeframe the District was looking at to implement the possible alternatives. Mr. Armstrong answered approximately six months. Mr. Feeney stated that six months was reasonable and would allow for an update of future projects.

Ms. Pelot suggested the Board hold a Public Hearing before a new policy is made.

Vice-President Moore recommended asking staff to work with FORA and urged looking at the three one-time charge options. He also stated that there is no need to rush this as the equalization charge is close to the one time charge alternative so the District is not necessarily going to lose money. Vice-President Moore suggested looking into this issue carefully.

Agenda Item 5-B (continued):

Director Brown agreed with Vice-President Moore.

Director O'Brien agreed with Vice-President Moore not to rush if it takes additional study.

Director Nishi stated that the Board should make policy and give direction to staff which way to go.

President Scholl stated that he believed that the Board is providing policy direction by asking that staff work together with FORA and agreed with Vice-President Moore that the Board direct senior staff to begin working together on this issue. Director Nishi asked Legal Counsel if the Board could take that action at this meeting. Mr. Lowrey stated that the Board could give direction to staff on the process they want to follow to consider this issue, but could not give direction on a specific alternative.

- C. 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. He explained that the District has learned that LAFCO expects to be finished with the County Municipal service reviews by March or April 2005, which include the City of Marina and the Ord Community area. Mr. Armstrong added that if the Board decided to send a message to LAFCO, he did not think it would affect the schedule of service reviews; and, until a service review is complete LAFCO will not consider the District's sphere of influence or boundary.

Ms. Peggy Shirrel, the Special Districts' alternate member to LAFCO, confirmed that LAFCO was conducting service reviews and they would be complete within the next three to six months.

Director Brown suggested taking no action and letting LAFCO proceed with their service reviews.

Vice-President Moore made a motion to send a letter to LAFCO supporting their service review process.

President Scholl agreed to send a letter of support encouraging what they are doing.

Director Brown seconded the motion to send a letter of support to LAFCO encouraging their service reviews.

Agenda Item 5-B (continued):

Ms. Pelot voiced her appreciation on getting this item on the agenda for discussion. She also commented on the letter from the City of Marina and asked what position the Board was taking.

Mr. Lowrey stated that the agenda item does not allow the Board to make a motion on the letter received.

Vice-President Moore clarified that his motion did not mention limiting annexations or service review considerations and is only asking that LAFCO does their job.

Director Nishi stated that he would like to have an agenda item on District Governance for discussion before the LAFCO service review is final.

With a vote of 4-Ayes, 1-No, 0-Absent, the motion made by Vice-President Moore, seconded by Director Brown to send a letter of support to LAFCO was passed.

President Scholl recessed the meeting from 8:52 until 9:02 p.m.

The Board entered into closed session at 9:02 p.m.

6. Closed Session:

- A. Pursuant to Government Code Section 54956.9
Conference with Legal Counsel – Anticipated Litigation
Initiation of Litigation Pursuant to Subdivision (C)
1-Case

The Board returned to open session at 10:14 p.m.

7. Possible Action on Closed Session Item:

President Scholl stated that direction was provided to staff and counsel.

8. Consent Calendar:

Mr. Lowrey requested to pull item 8-A from the consent calendar.

Agenda Item 8 (continued):

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. 2004-58 to Authorize the Design Phase of the Lift Station No. 5 Replacement Project; C) Consider Adoption of Resolution No. 2004-59 to Approve the District Technology Plan Appendix for FY 2004-2005; D) Consider Approving the Draft November 2004 Newsletter; E) Consider Approving Expenditures for the Month of September 2004; F) Consider Approval of the Draft Minutes of the Regular Board Meeting of September 8, 2004; G) Consider Approval of the Draft Minutes of the Special Board Meeting of September 15, 2004; and, H) Consider Approval of the Draft Minutes of the Regular Board Meeting of September 22, 2004. 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. 2004-57 to Authorize the Ord Community Storage Tanks "B" and "F" Rehabilitation Project:

Mr. Lucca stated that the facts support that this project will be done under a categorical exemption in accordance with the California Environmental Quality Act. Vice-President Moore asked if the Resolution would be changed to reflect this finding. Mr. Lowrey stated that it could be done.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board adopt Resolution No. 2004-57 with the amendment of adding the CEQA finding. The motion was passed.

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

7. Adjournment:

The meeting was adjourned at 10:18 p.m.

APPROVED:

Charles H. Scholl, President

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ATTEST:

Michael D. Armstrong, General Manager