

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Special Board Meeting  
November 4, 2004  
7:15 p.m.

**Minutes**

1. Call to Order:

President Scholl called the meeting to order at 7:15 p.m. on November 4, 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  
Jim Dowless, Operations and Maintenance Superintendent  
Evelina Adlawan, Technical Services Manager  
Rich Youngblood, Water Conservation Specialist  
Suresh Prasad, ASO Finance and Technology  
Connie Chavoya, ASO Admin and Personnel  
Paula Riso, Board Clerk  
Candy Ingram, The Ingram Group

Audience:

Howard Gustafson  
Jeanne Coles  
Paula Pelot, Preston Parks Tenant Association  
Betty Nebb  
Simon Whitmey  
Bob Schaffer  
Lavonne Stone, Fort Ord Environmental Justice Network Inc.  
Ezekiel Bean  
Elena & Les Kirkby

Rob Ponce  
Chris Taylor  
Etna Monsalve, Bay View Community  
Michael Sydmark, Bay View Community

2. Staff Presentations:

- A. Overview of the District's two services areas and Board governance:
- B. History of MCWD involvement in the Ord Community:
- C. District agreements with the US Army and FORA:

Mr. Mike Armstrong, General Manager, reviewed the agenda and events planned for the evening. He then gave a brief explanation of the District's service areas; Board governance; the history of the District's involvement in the Ord Community; and, District agreements with the US Army and FORA.

Mr. Armstrong described the Marina service area as "Central" or "Old" Marina, and the Ord Community service area as the former Fort Ord. He explained that the Local Agency Formation Commission (LAFCO) of Monterey County establishes District boundaries and spheres of influence and that the current boundary of the District is only "Central" Marina and does not include the Ord Community, while the District sphere of influence includes Armstrong Ranch to the north. Mr. Armstrong stated that directors must live within the District boundary of "Central" Marina and are elected to 4-year terms.

Ms. Paula Pelot, Preston Park Tenants Association, clarified that the Ord Community residents can not vote for District Board members and that is an important issue to the current residents.

Mr. Armstrong explained that LAFCO is looking to complete a Municipal Service Review (MSR), which is required every five years, in the spring of 2005. The results of the MSR could change the District's sphere of influence or boundaries.

Mr. Armstrong explained how MCWD was given the opportunity to expand its services following the closure of Fort Ord and in 1996, MCWD was selected to receive the former Fort Ord water and wastewater collection systems. In 1997, a utilities agreement with the Army was signed and in 1998 a facilities agreement was signed with FORA. Mr. Armstrong stated that in 2001, the Army conveyed the systems to FORA and FORA then immediately conveyed them to the District.

- D. How budgets, rates, fees, and charges are developed and approved:

Mr. Suresh Prasad, ASO Finance and Technology, went over how budgets, rates, fees, and charges are developed and approved. He explained that the annual budget process begins in January and must pass through the FORA Water/Wastewater Oversight Committee, the FORA Board, MCWD workshops, and finally the MCWD Board by June. Ms. Pelot asked Mr. Prasad to explain the rate models the District uses to develop the budget. Mr. Prasad stated that the District looks at operations and maintenance expenses, capital expenses, and debt financing requirements in the rate models.

Agenda Item 2-D (continued):

Mr. Prasad explained the water rates contain a base rate, a three-tier consumption rate, and a capital component charge. The wastewater rates contain charges per equivalent dwelling unit (EDU) and a capital component charge.

Ms. LeVonne Stone, Fort Ord Environmental Justice Network Inc., asked what “hcf” meant. Mr. Prasad stated that it stood for “hundred cubic feet”. In each “hcf” there are 748 gallons of water. Ms. Pelot asked if Mr. Prasad could provide a rate structure schedule comparing Ord Community and Central Marina. He stated that he did not have one with him but he could provide one to anyone interested. Mr. Prasad explained that the revenues collected in the Ord Community pay for: operations and maintenance of water and wastewater collection systems; refurbishment & repair of the systems; expansion of the systems by borrowing money financed through the capital component charge; and, professional staff: Administration, Water Quality, Engineering, O&M, and Conservation. Currently there is no reserve fund for the Ord Community.

Ms. Pelot asked Mr. Prasad to explain the “pay-as-you-go system”. Mr. Prasad explained that all customers pay for repairs and capital projects. Developers are asked to pay for all special benefit projects that provide benefit to only their developments. Mr. Prasad stated that the District initiated an analysis to consider alternatives to the present capital component charges. President Scholl stated that the present pay-as-you-go system was put in place by FORA and without FORA’s cooperation and agreement, any alternatives the District may decide upon will not be put in place.

A gentleman in the audience asked how long FORA would rule over the Ord Community. Mr. Armstrong stated that FORA sunsets in 2014 unless something happens before that time or something happens then to extend FORA’s statutory authority. Ms. Pelot asked what the term for the FORA agreement was. Mr. Lowrey, Legal Counsel, stated that it is coextensive with the life of FORA.

E. Description of the water and wastewater collection systems:

Mr. Marc Lucca, District Engineer, identified the number of current customers and the anticipated ultimate population in the Ord Community. He explained the agreement with Monterey County which provides for 6,600 afy of groundwater use in the Ord Community, and FORA’s identified additional need of 2,400 afy to meet the demands of the Reuse Plan. Mr. Lucca briefly discussed the Water Augmentation Project EIR which identified two sources of water for the additional demand: desalination and recycled water. Several audience members inquired about recycled water and Mr. Lucca clarified that all new development projects lay separate pipe for recycled water for when and if it should be available for non-potable use.

Agenda Item 2-E (continued):

Mr. Lucca described the water system in the Ord Community explaining that some components were as old as 60 years. Ms. Pelot commented that not all of the infrastructure was 60 years old and that people using the newer infrastructure were paying for the upkeep of the old infrastructure. President Scholl commented that it was one system for the entire Ord Community even though some sections were older than others.

Mr. Lucca described the three Ord Community wells, the storage facilities, and the approximately 110 miles of water distribution pipeline. He briefly reviewed the 2004 Ord Community Water Distribution System Master Plan. The Master Plan was completed in June 2004 and identified capital improvements over the next 20 years at an estimated cost of \$53 million.

Ms. Pelot asked for an explanation of why customers have to pay for new/replacement infrastructure when it may not be needed at that time. Mr. Lucca explained that the developers could place new pipe for their development needs alongside the existing infrastructure, but if the existing infrastructure should need replacement several years down the road, the cost would rest solely on the existing customers who benefit from that infrastructure and not shared with all customers. By replacing old infrastructure with new in circumstances where they parallel each other, it is saving both time and money and all customers and developers will share in the cost.

Mr. Lucca described the wastewater collection system and how the District conveys approximately 2 mgd of wastewater to the MRWPCA interceptor on the west side of Highway 1. He explained that there are 19 lift stations and approximately 90 miles of sewer mains in the Ord Community. Mr. Lucca identified \$2.6 million in capital improvements planned for FY 2004/2005; and, that there is another \$16 million planned between FY 2005/2006 and FY 2008/2009. He explained that a Wastewater Collection System Master Plan is being developed and will include a condition assessment, and proposed capital improvements over a 20-year horizon. Mr. Lucca gave a brief update of the Highway 1 Sewer Crossing Project and announced that the restoration was complete. Ms. Pelot asked who benefited from this project. Mr. Lucca stated that the entire Ord Community benefited from this project. Ms. Pelot asked if Central Marina benefited from this project. President Scholl stated that the Marina and Ord Community systems are two separate systems and, that Marina did not benefit from this project. Ms. Pelot stated that if the problem wasn't fixed and the highway collapsed, that would impact more than just the Ord Community. President Scholl stated the entire peninsula would be impacted. Mr. Lucca added that only Ord Community sewage flows through these pipes.

F. Overview the District Capital Improvement Program (CIP):

Mr. Lucca again noted that there are \$2.6 million in wastewater collection capital improvements planned for FY 2004/2005; and, that there is another \$16 million planned between FY 2005/2006 and FY 2008/2009. He further explained that the CIP Budget is updated annually and approved by both the FORA and MCWD Boards. Mr. Lucca added that the CIP includes projects proposed in Master Plans and that the District coordinates with developers to meet their timelines as appropriate. He also explained the new development processes.

G. Negotiations with educational institutions re capital expenses:

Mr. Armstrong explained that California Law (GC 54999.3) recognizes educational institutions and requires public utility providers to negotiate capital fees with those institutions. He reviewed the District's Rate Validation Action and the outcome of that action. Mr. Armstrong stated that the District and CSUMB have been in negotiations since 2002 and have not reached an agreement as of yet. CSUMB has not paid the capital component charges and the District is not performing any capital work on CSUMB property until negotiations are complete. Until that time, other Ord Community customers are paying more in capital component charges than they would pay otherwise. Ms. Pelot asked if the District took that into consideration when developing the budget. Mr. Armstrong stated it was. Mr. Armstrong added that the District is not alone in having to negotiate with state educational institutions. Districts all over the state are and have been negotiating with state educational institutions for many years due to this government code.

President Scholl extended an invitation to anyone wishing a one-on-one discussion during the break to feel free to approach any staff or Board members with questions.

3. Refreshment Break:

President Scholl recessed the meeting from 8:35 until 8:50 p.m.

4. Question and Answers:

An audience member inquired on the persistent sewer smell when driving on Imjin Parkway from Preston Park to Abrams. Mr. Dowless stated that the sewer smell has been a problem for many years. The problem is due to low sewer flow and years of deterioration and this is on the list of projects for the District.

Agenda Item 4 (continued):

Ms. Pelot asked why Preston Park has had reduced water pressure over the last two months. Mr. Dowless answered that Preston Park has had extremely high water pressure (>90 lbs) and is now under the influence of Reservoir B which will reduce the pressure to a more manageable level.

Ms. Pelot stated that the lower pressure is causing problems with landscaping irrigation by not allowing the full range of the sprinklers. Mr. Dowless stated he would look into the problem and speak with the maintenance people at Preston Park.

Ms. LeVonne Stone commented that some tenants in Preston Park have income too low to pay for the high water bills which include irrigation. She commented that the bills are inaccurate and inconsistent and difficult to figure out. Ms. Stone asked about low income tenants paying for irrigation and help with paying large water bills. Mr. Armstrong commented that the District has only one rate structure and does not offer "lifeline" type rates. He added that the water that is used for irrigation and paid by tenants is managed by the Preston Park management team. Mr. Armstrong added that other District customers find themselves in hard times and sometimes unable to pay their water bills, but that staff in many instances works with individuals to help manage their water accounts.

President Scholl suggested looking at averaging monthly rates throughout the year at a future Board meeting.

Ms. Pelot commented that she is on the Preston Park management team and that management turns off irrigation during the winter months. She suggested having a member of District staff present at one of their management advisory meetings to give guidance on trouble shooting some of the problems that face Preston Park tenants.

Vice-President Moore commented that the District is a non-profit organization and is unable to offer "lifeline" rates. The District sets rates on the expected expenses.

Ms. Stone stated that they are told to conserve water and most people try but there are others that don't pay attention to conservation and have water running constantly.

Vice-President Moore commented that due to the rate structure, those that use more water pay more.

Mr. Leslie Kirkby commented that he had recently had high water bills and explained that he was told he had a leak but no one fixed the leak and the next bill was even higher. It turned out there was a leak in the joints of the meter. Mr. Armstrong stated that when there is a problem on the customer's side of the meter, the District works with the customer and may provide adjustments on the customer's account. He added that approximately 400 meters had been

Agenda Item 4 (continued):

recently installed in Preston Park and many required a return visit to re-tighten the connections. These new meters are remotely read and highly accurate and in the long run will save the District money. Mr. Kirkby stated his address is Marina, not Fort Ord and wanted to know why he has to pay more than "Central" Marina customers.

Mr. Armstrong answered that on the water side, rates are very similar between the Ord Community and Central Marina while the wastewater rates are not close at all. Those differences are a result of the fact that there are two separate systems and the cost of running and maintaining the Ord Community wastewater collection system, compared with the amount of customers using the system, is inordinately high.

Director Nishi asked for the name and address of Mr. Kirkby and that staff investigate his account and provide an update at one of the next Board meetings. Mr. Kirkby stated that he had gone into the office and has since handled his problem. Ms. Pelot added that people need to know where to go and who to talk to when they have problems with leaks or billing questions.

Director Nishi asked if the City of Marina still gave discounts on rent to people who have irrigation hooked up to their meter. Ms. Pelot stated that as of the last budget year, the discount was discontinued and the City is using a new formula.

Ms. Stone stated that she was told that Preston Park paid more for water because the rent was lower in their neighborhood. Mr. Armstrong stated that he was aware that Preston Park provided discounts on rent to certain tenants but was unaware that it had changed recently.

Ms. Pelot thanked the Board for holding the workshop and stated that it was very helpful and informative.

Ms. Stone asked how close the District was to annexing (the Ord Community). Mr. Armstrong stated that the District is waiting for LAFCO to finish their municipal service review in April 2005 and will then decide what course to take. He added that the City of Marina sent a letter to LAFCO stating that they are in favor of the District annexing the City of Marina section of the Ord Community.

Director Nishi thanked everyone for taking time to be present at the meeting and expressing their concerns. He again requested information on Mr. Kirkby to be placed on the November 23, 2004 Board meeting agenda with the history of what occurred and the conclusion.

Agenda Item 4 (continued):

Vice-President Moore thanked everyone for spending the evening with District staff and hoped that everyone had their questions answered. He added that the District is working the best they can on several issues including the CSUMB negotiations.

President Scholl also thanked everyone for attending the meeting and hoped they interpreted the workshop as a commitment by the District and issued an invitation to everyone to attend the regular District Board meetings which are open to the public.

5. Public comment on any item that is not on the agenda:

None.

6. Adjournment:

The meeting was adjourned at 9:25 p.m.

APPROVED:

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Charles H. Scholl, President

Date

ATTEST:

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Michael D. Armstrong, General Manager