

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
April 13, 2005
7:00 p.m.

Minutes

1. Call to Order:

Vice President Brown called the meeting to order at 7:00 p.m. on April 13, 2005.

Board Members Present:

David Brown – Vice President
Ken Nishi
Charles Scholl
Howard Gustafson

Board Members Absent:

Tom Moore – President

Staff Members Present:

Mike Armstrong, General Manager
Lloyd Lowrey, Legal Counsel
Marc Lucca, Deputy General Manager/District Engineer
Rich Youngblood, Conservation Coordinator
Suresh Prasad, Director of Finance
Jade Sullivan, Capital Projects Manager
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Bob Schaffer, Marina Community Partners
Michael Shaw, Marina Heights
Jim Brezack, RBF Consulting
Reena Thomas, RBF Consulting
Dick Goblersch
Sid Williams
Simon Whitmey, Marina Community Partners
Tony Altfeld, City of Marina
Doug Yount, City of Marina
Chris Keen, Cypress Knolls
Denise Duffy, Denise Duffy & Associates

2. Oral Communications:

None.

3. Action Items:

- A. Consider Adoption of Resolution No. 2005-23 to Approve a Memorandum of Agreement with East Garrison Partners Guaranteeing Design Phase Fees for the East Garrison "B" Zone Tank Project:

Mr. Marc Lucca, Deputy General Manager/District Engineer, introduced this item. Director Nishi asked what would happen if the amount exceeded \$230,000. Mr. Lucca answered if the amount did happen to exceed the budgeted \$230,000, it would return to the Board for further action. Director Nishi asked when a firm amount would be known. Mr. Lucca stated that he had received a report with the amount and it was under the budgeted amount.

Director Nishi voiced his concern over deviating from the approved format for Board meetings i.e. the first meeting of the month reviewing the items and the second meeting for action of the items. He again asked what would happen if the amount for the design phase exceeded \$230,000. Director Nishi added he would like to see some language in the resolution stating if the amount went above the budgeted amount, the developer would pay the difference.

Director Scholl made a motion to adopt Resolution No. 2005-23 approving a Memorandum of Agreement East Garrison Partners guaranteeing design phase fees for the East Garrison "B" Zone tank project. Vice President Brown seconded the motion. Director Scholl commented that as explained in the transmittal the timing for this action is critical. The motion passed.

Director Gustafson	-	Yes	Vice President Brown	-	Yes
Director Scholl	-	Yes	President Moore	-	Absent
Director Nishi	-	No			

- B. Consider Adoption of Resolution No. 2005-24 to Authorize a Budget Amendment for the Ord Community Storage Tanks "B" and "C1" Rehabilitation Project:

Mr. Lucca introduced this item.

Director Scholl made a motion to adopt Resolution No. 2005-24 to authorize a budget amendment for the Ord Community storage tanks "B" and "C1". Director Gustafson seconded the motion. The motion passed.

Director Gustafson	-	Yes	Vice President Brown	-	Yes
Director Scholl	-	Yes	President Moore	-	Absent
Director Nishi	-	No			

C. Consider Adoption of Resolution No. 2005-25 to Authorize the General Manager to Engage the Services of Citigroup to Provide Investment Banking/Underwriting Services to the Marina Coast Water District:

Director Scholl commented, as recommended by counsel, that he indicated on his Form 700 that he holds shares of Citigroup, but since the income received from the shares is less than 5% of his annual income he is eligible to participate in the discussion and action of this item per government code section 1091.5.

Mr. Mike Armstrong, General Manager, introduced this item. Director Scholl commented that since the developers requested that MCWD engage the services of an investment banking/underwriting firm he would like to know if the developers feel that Citigroup meets the definition.

Director Nishi voiced his concern over hiring Citigroup as the District has already engaged the services of Bartle Wells Associates (BWA) and suggested that after BWA decides which way to go, then hire Citigroup to help secure the funding. He also stated he was concerned over having Citigroup doing all this work for no compensation and added that it would be hard to give the job to someone else after all the work Citigroup did.

Director Scholl stated that he interpreted from looking at what was being offered that this was a more global perspective than what the District has looked at before.

Mr. Armstrong responded to Director Nishi's comments that the District continues to use BWA and Mr. Tom Gaffney of BWA has participated in the discussions on this issue. BWA has expertise in rate setting, not investment banking and the District needs both BWA and Citigroup in this situation.

Director Scholl made a motion to adopt Resolution No. 2005-25 authorizing the General Manager to engage the services of Citigroup to provide investment banking/underwriting services to the Marina Coast Water District. Vice President Brown seconded the motion.

Mr. Simon Whitmey, Marina Community Partners, stated that he was familiar with Citigroup and that they bring valuable expertise.

Mr. Michael Shaw, Marina Heights, agrees that Citigroup is good.

Mr. Chris Keen, Cypress Knolls, endorsed Citigroup.

Mr. Doug Yount, City of Marina, added that the City of Marina endorses Citigroup as well.

Agenda Item 3-C (continued):

Director Nishi stated that he was concerned over hiring this individual in the eleventh hour and that it is the District's responsibility to figure this out. He stated he supported capacity charges and was told that it would occur. Director Nishi added that he feels the Board and District has let everyone down. Director Scholl stated that it was the District's responsibility to look at any and all potential solutions and that is why the District needs to take advantage of the skill set of Citigroup.

The motion was passed.

Director Gustafson	-	Yes	Vice President Brown	-	Yes
Director Scholl	-	Yes	President Moore	-	Absent
Director Nishi	-	No			

4. Review Draft Board Items:

A. Review Draft Board Transmittal to Consider Revision of Terms of Appointment to the Water Conservation Commission:

Mr. Richard Youngblood, Conservation Coordinator, introduced this item. Director Scholl commented that the Water Conservation Commission (WCC) suggested staggering the terms i.e. three members would be appointed on odd years and two members on even years or something to that effect. Director Nishi asked for clarification on the appointment terms and asked that it be clarified on the transmittal for the next meeting. Discussion followed. Director Scholl agreed with Director Nishi and stated that the terms needed to be more formalized and suggested developing a policy on how to bring candidates forward for nomination. Discussion followed.

Mr. Armstrong commented that he understands the Board would like to see the April 27th transmittal show a more clearly delineated recommended structure for the staggered term issue. He stated that staff would do that. Mr. Armstrong also commented that he heard that there is a need to develop a more formal nomination process for the WCC and although that would not be done under items A or B staff will bring that issue back to the Board in the near future. He then asked if there were any comments on the proposed language revision for the Board Procedures Manual. Director Nishi commented that there should be three members from Central Marina and two from the Ord Community. Director Gustafson agreed that the Ord Community should be provided the opportunity to serve on the WCC. Director Scholl reminded the Board that it has been difficult getting members to serve on the WCC. Vice President Brown agreed to encourage both communities but having it set in stone may turn others away.

Agenda Item 4-A (continued):

Mr. Sid Williams stated that everyone who applied for the WCC is from Central Marina and those were not the rules when everyone applied. If the Board wants, they could set the rules and have everyone reapply.

Director Scholl stated that the WCC is about conservation i.e. irrigation controllers, low flow toilets, hot water recirculation systems, etc. Conservation affects everyone and is not area specific.

Mr. Armstrong stated that the proposed language for the Board Procedures Manual would not nullify anyone and if the Board wishes to designate members from certain areas, he needs clearer direction. Vice President Brown stated that a majority of the Board is okay with the language as proposed and does not wish to designate member areas. This item is to be brought back as an action item on the April 27, 2005 agenda.

B. Review Draft Board Transmittal to Consider Applicants to Fill the Vacant Public Member Positions on the Water Conservation Commission:

Mr. Youngblood introduced this item and reiterated that staff would clarify the structure for the staggered terms. Mr. Armstrong recommended that staff contact the applicants to see if they would be interested in the one- or two-year terms. Director Scholl added that the WCC was not recommending anyone specific to be a member on the Commission. This item is to be brought back as an action item on the April 27, 2005 agenda.

C. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Approve the Plan for the MCWD Regional Urban Water Augmentation Project and File a Notice of Determination for the Project:

Mr. Marc Lucca, Deputy General Manager/District Engineer, introduced this item and Ms. Denise Duffy, Denise Duffy & Associates. Ms. Duffy gave a brief update and explanation of the Plan and Notice of Determination. Director Gustafson inquired on the demands outside of the Ord Community including the Peninsula. Ms. Duffy answered that an additional 300 afy was earmarked for the Peninsula. Director Nishi questioned where the District would get 1,500 afy of recycled water. He stated the District has rights to 300 afy of recycled water and asked where the other 1,200 afy would come from. Mr. Armstrong answered that the Augmentation Project was a joint project with the MRWPCA and both agencies would pool their rights and resources to get the 1,500 afy. Director Nishi voiced his concern over the fact that there are no contracts signed between the District and the MRWPCA and that the District has not looked into surface storage.

Agenda Item 4-C (continued):

Director Gustafson voiced his concern over providing water to other jurisdictions and golf courses when the City of Marina planned projects haven't even begun. Ms. Duffy commented that this step is programmatic and it is so the District can move forward in the water augmentation process. At this time, the District is not selecting a project, just approving the Plan and Notice of Determination.

Director Scholl suggested moving this item forward and placing it on the consent calendar for the next meeting. Vice President Brown commented that several directors may still have questions and suggested placing it as an action item. Director Scholl agreed and added that if there are no major users of recycled water i.e. golf courses, it would be a waste to go with the recycled water alternative.

Director Nishi asked where the 300 afy that is to be provided to the Peninsula originated. Ms. Duffy stated that historically, the proposed MRWPCA Recycled Project included 300 afy to be supplied to the Peninsula. Ms. Duffy stated that the additional 300 afy remained in the alternatives and the Board will ultimately make the determination as to whether it will still be part of the project objective.

Mr. Armstrong asked Ms. Duffy if the EIR included as one of the alternatives; a recycled water project with surface storage. Ms. Duffy answered it did. Mr. Armstrong stated that recycled water with surface storage; an expanded desalination plant; and, a hybrid project of recycled water and a desalination plant were project options the Board will consider at a later date. Discussion followed.

Mr. Shaw stated that time is of the essence and that the action before the Board is not to choose a plan, it is just to move the process forward. By not taking action, the Board is limiting Marina developments.

Mr. Yount stressed the need to move forward with the analysis and that it is very important to Marina developments. He added there is plenty of opportunity in the next steps moving forward to look at the issues such as timing and demand of potable and recycled water, the amount of recycled water, the cost of potable and recycled water, and the demand and development schedules. Mr. Yount again encouraged the Board to move forward and continue the effort in getting to the decision point.

Mr. Keen encouraged the Board to move forward with this item.

This item is to be brought back as an action item on the April 27, 2005 agenda.

D. Review Draft Board Transmittal to Consider Approval of Selection Process for the Regional Urban Water Augmentation Project:

Mr. Armstrong introduced this item and explained that a joint Board meeting with the MCWD and FORA is proposed to discuss the budget and rates; and, the Regional Urban Water Augmentation Project (RUWAP). Director Scholl stated that he may be absent on the proposed date of May 13, 2005 and asked if it was essential that the Notice of Determination (NOD) for the RUWAP be passed before holding a joint meeting. Mr. Armstrong stated that in order for the joint Boards to come to any decision, the NOD should be complete. Director Nishi asked if Citigroup would be able to meet the deadline of May 13, 2005. Mr. Armstrong stated it is the District's goal to meet the May 13, 2005 date. Director Nishi stated he would like the Board to review the information before the joint Board meeting. Mr. Armstrong stated that more information should be known by the April 27, 2005 meeting as to the May 13, 2005 joint Board meeting.

Vice President Brown recessed the meeting from 8:30 until 8:42 p.m.

E. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Approve a Professional Services Agreement with Denise Duffy & Associates for Annexation of the Marina Station Portion of the Armstrong Ranch Property into the Marina Coast Water District:

Mr. Lucca introduced this item. Director Nishi stated he is concerned that the capacity charges are too low and suggested making sure the capacity charges are in line before progressing too far.

Mr. Yount encouraged Board approval of the PSA and moving this annexation forward.

Director Scholl asked if the District looked into capacity charges for Marina. Mr. Armstrong stated that several years ago the District approved a rate schedule and is now in the middle of a 5-year rate increase. In the near future, the District staff will be bringing rates before the Board for consideration. Director Nishi suggested looking at the costs to service the area. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

F. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Accept the Ord Community Wastewater Collection System Master Plan:

Mr. Jade Sullivan, Capital Projects Manager, introduced this item and introduced Mr. Jim Brezack and Ms. Reena Thomas of RBF Consulting. Director Scholl commented that the Water Master Plan for the Ord Community has an inter-tie with Marina and asked if a wastewater inter-tie is being considered as well. Mr. Sullivan answered there is a proposed inter-tie at the San Pablo lift station.

Agenda Item 4-F (continued):

Director Scholl inquired on the sewer mains that run parallel to the MRWPCA main and asked if the District was looking to connect with MRWPCA main. Mr. Sullivan stated that it was being considered and negotiations are ongoing. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

- G. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Approve a Professional Services Agreement with XYZ Consulting Engineers to Complete the Marina Water Systems Master Plan Project and to Amend the FY 2004/2005 Budget:

Mr. Sullivan introduced this item. Director Nishi asked if there would be a report of the April 8, 2005 meeting. Mr. Sullivan answered that he gave an oral report of the meeting. Mr. Lucca added that MCWD staff and a representative from UCMBEST completed the consultant interview process and are now determining if all the information provided by the consultants is correct.

Director Scholl asked what the budget was for the 2004 Ord Community Water System Master Plan (OCWSMP). Mr. Sullivan answered it was approximately \$130,000. Director Scholl commented that the cost to update the OCWSMP is higher because the District is looking to hire a different firm to do the work. Mr. Lucca answered that RBF Consulting did not bid on the work because of a conflict of interest. Director Nishi inquired on the scope of work. Discussion followed. This item is to be brought back as an action item on the April 27, 2005 agenda.

- H. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Amend the 1998 Water/Wastewater Facilities Agreement Between FORA and the Marina Coast Water District:

Mr. Armstrong introduced this item. Director Nishi commented on the change from “establishment” to “allocation” on page 74. He stated he was okay with the way it was. Director Nishi also questioned the addition of “and also rights within the Service Area to all other water supplied by MCWD to the Service area from any other source,”. Mr. Lowrey explained that there have been questions on what process would be used to allocate water from sources that were not involved with the water that was transferred from the U.S. Army to FORA and then to the MCWD i.e. desalinated water. Director Nishi voiced his concern over the FORA Board reviewing and voting on this before the MCWD Board was able to review it. Director Scholl agreed in principle with Director Nishi and asked what specifically Director Nishi disagreed with in the amendment. Director Nishi stated it was the process that he didn’t agree with and a policy issue. Director Gustafson agreed with Director Nishi. This item is to be brought back as an action item on the April 27, 2005 agenda.

I. Review Draft Board Transmittal to Consider Approving Expenditures for the Month of March 2005:

Director Nishi inquired on the reason the District sent flowers to an employee. Mr. Armstrong answered that it was due to a death in the family. Director Nishi asked that an email notification be provided to all the Directors when the District sends flowers and the reason for them. Director Nishi inquired on refund checks. Mr. Prasad stated that the District received double payment and refunded the difference to the company that sent in payment.

J. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of February 9, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

K. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of February 23, 2005:

Director Nishi asked if the comment by Director Scholl was correct. Director Scholl stated that it was. Director Nishi commented that he had asked for a report on the WCC recruiting tactics. Director Scholl stated that he gave an oral report on the recruitment. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

L. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Special Board Meeting of March 2, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

M. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of March 9, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

N. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of March 23, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the April 27, 2005 meeting.

5. Staff Report:

A. District Budget and Ord Community Compensation Plan for FY 2005-2006:

Mr. Armstrong stated that this issue was covered in discussion under previous items and he had nothing further to add.

6. Discuss Possible Agenda Items of the April 27, 2005 Planning Workshop:

Mr. Armstrong stated that both of these items were discussed earlier and suggested that these items be discussed in the April 27, 2005 Planning Workshop. The Board concurred with these items as workshop items.

A. Preparation for Joint Board Meeting with FORA Board of Directors

B. District Budget and Ord Community Compensation Plan

7. Director's Comments:

Director Gustafson commented that the District needs to be careful with desalination and JPIA's that may be formed and stated that he was concerned with the County and Peninsula and what they may be planning.

Director Nishi asked if there have been any connections by CSUMB to the District since the letter was sent regarding no capital connections. And, if there were none, when was the Visitor Center connected? He also stated that he had asked for some comments from the attorney on verbal contracts and other issues. Director Nishi stated that he had concerns about capacity charges how the District came up with them in Fort Ord and the Central Marina. He stated that there is an Armstrong Easement that is going to expire on July 1, 2005 and hoped the District doesn't lose the 30 foot easement. Director Nishi asked for a report on what the District has done to this point about it. Director Nishi asked if an item could be put on the agenda for the next meeting regarding Director Scholl stepping down on a roll call vote; and, also, an item about Director Brown's lack of attendance at FOR A meetings.

Director Brown stated that he was going to suggest an item to reassign his FORA appointment to be on the next agenda.

Mr. Lowrey asked if Director Nishi wanted a written report from him. Director Nishi answered he did. Mr. Lowrey also stated that the court decision involving water supply, in which the Board had sent a letter in support of publishing, was published.

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8. Adjournment:

The meeting was adjourned at 9:37 p.m.

APPROVED:

David W. Brown, Vice President Date

ATTEST:

Michael D. Armstrong, General Manager