

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
February 8, 2006
7:00 p.m.

Minutes

1. Call to Order:

President Brown called the meeting to order at 7:00 p.m. on February 8, 2006.

Board Members Present:

David Brown – President
Howard Gustafson – Vice President
Ken Nishi
Tom Moore

Board Members Absent:

Charles Scholl

Staff Members Present:

Marc Lucca, General Manager
Lloyd Lowrey, Legal Counsel
Andrew Sterbenz, Interim District Engineer
Rich Youngblood, Conservation Coordinator
Ken Demmons, Project Engineer
Jade Sullivan, Capital Projects Manager
Suresh Prasad, Director of Finance
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Doug Yount, City of Marina
Michael Shaw, Cypress Knolls
Bob Schaffer, Marina Community Partners
Lyndel Melton, RMC Environment and Water
Stephanie Hughes, RMC Environment and Water
Eric Robinson, Cypress Knolls
Bill Brasher, Marina Heights

Mike Owens
Bill Dendy
Bob Holden, MRWPCA
Eric Robinson, Cypress Knolls
Oscar Rios, Teamsters Local 890

2. Oral Communications:

None.

3. Review Draft Board Items:

- A. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx to Approve Amendment No. 2 for Phase IIB of the Regional Urban Water Augmentation Project and Amend the FY 2005/2006 Budget:

Mr. Andrew Sterbenz, Interim District Engineer, introduced this item. Director Moore asked if page 1 should be corrected to show the four phases of work as Phase I, Phase IIA, Phase IIB, Phase IIC, Phase III, and Phase IV and not have a Phase IIIC. Mr. Sterbenz agreed that it was a typo and it would be corrected.

Director Nishi inquired on page 2 under the Funding Source/Recap which states "FORA staff remains committed to reimburse the District with its Board action" meant FORA staff or FORA Board. Mr. Marc Lucca, General Manager, answered that he believed it was both. Director Nishi asked if the District would have to fund this project right now. Mr. Lucca answered that the District would fund it now and FORA will reimburse the District at a later date, details are still in negotiation. Director Nishi asked how much debt the District would carry along with the other funds that the District has already loaned to FORA. He would like to know at the next meeting how much FORA currently owes and how much additional debt for this action.

President Brown asked if taking funds from the A1/A2 Zone tanks would leave enough to do that project. Mr. Sterbenz answered that the project has not even begun and would be carried forward to the next fiscal year.

President Moore asked for a progress/status report on the staff negotiations with FORA regarding reimbursement. He also asked for a copy of FORA's resolution regarding loan reimbursements i.e. the \$36 million and the \$1.9 million cost center loan.

Director Nishi voiced his concern that Board direction should be given when staff negotiates with other agencies. If a loan is extended to FORA, the Board should decide what rates and conditions are to be negotiated. Mr. Lucca answered that staff is looking for direction from the Board regarding the next negotiation meeting. Director Moore stated that staff should see if FORA would be agreeable to the same terms on this loan as with the internal loan. Director Nishi stated he would like to discuss this in closed session. Mr. Lloyd Lowrey, Legal Counsel, stated that this can't be discussed in closed session unless a committee is appointed. Director Nishi suggested the Board should appoint a committee.

- B. Receive a Presentation of the Regional Urban Water Augmentation Project Schedule:

Mr. Sterbenz introduced Mr. Lyndel Melton, RMC Water and Environment. Mr. Melton gave a presentation on the Regional Urban Water Augmentation Project schedule.

Agenda Item 3-B (continued):

Director Nishi stated that a PCA negotiating committee has already been formed. Director Moore asked if the Board wanted Mr. Melton to stay for closed session. Mr. Melton stated that he was available if the Board wanted him to be present for closed session.

- C. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx to Adopt an Addendum to the City of Marina's Certified EIR for the Marina Heights Development; Adopt a Mitigations Monitoring Plan for the San Pablo Lift Station Construction; and Adopt CEQA Findings:

There were no questions or comments on this item.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

- D. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx to Approve Change Order No. 1 for the San Pablo Lift Station and Change Order No. 2 for the Cosky Lift Station to the Ord Community Lift Station Improvements Project and Authorizing Additional Budget for Construction Phase Services:

Director Nishi requested that this item be split into two separate items as one is in the Ord Community and one is in Central Marina.

Director Moore stated that the bottom of page 35 is cut-off and asked for the complete transmittal at the next meeting. He also agreed with Director Nishi and would like two separate resolutions for the two cost centers. Director Moore asked for clarification on the change orders and budget amendments. Mr. Jade Sullivan, Capital Projects Manager, clarified the change order and explained the budget amendment.

Director Nishi asked if the San Pablo lift station could be renamed. Mr. Sullivan stated that the lift station was going to move and would no longer be on San Pablo so that it would probably be renamed anyway.

Mr. Sullivan introduced Mr. Ted Witten, Winzler & Kelly, as the managing principal who is involved in the design of this project as well as the CEQA work on the previous item.

President Brown requested that the San Pablo lift station be placed on the consent calendar and the Cosky lift station be placed as an action item on the February 22, 2006 agenda.

- E Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx to Authorize Amendment No. 2 to the 2005 Marina Sewer Improvements Project Professional Services Agreement with Winzler & Kelly for Design and Bidding Phase Services of the Clark Lift Station:

Director Nishi asked for a clarification on the cost. Mr. Ken Demmons, Project Engineer, stated that the cost included a ten percent contingency cost.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

- F. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx Regarding Disbursement of the Approved Construction Budget for the California Avenue Water Pipeline Extension Project:

Mr. Demmons gave a brief clarification of the disbursement.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

- G: Review Draft Board Transmittal to Consider Adoption of Resolution No. 2006-xx to Approve Amendment No. 3 for Byron Buck & Associates to Complete the 2005 Urban Water Management Plan and to Amend the FY 2005/2006 Budget:

Mr. Lucca pointed out a typo on the resolution and that it would be corrected before the next meeting.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

- H. Review Draft Board Transmittal to Consider Approval of the Draft February/March 2006 Newsletter:

Director Moore announced that the newsletter looked good. Director Nishi stated that he would like to see, in a future newsletter, the Water Conservation Commission recognized for the good work they are doing.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

- I. Review Draft Board Transmittal to Receive Draft Budget for FY 2006-2007 and Review Budget Schedule:

Director Moore asked for a summary of the proposed increases. Mr. Suresh Prasad, Director of Finance, commented that the increases included adding two positions, a 3% COLA, and an increase in healthcare.

Agenda Item 3-I (continued):

Mr. Prasad asked for a date to schedule the workshop.

Director Nishi voiced his concern over the WWOC viewing the budget before the Board does. Director Nishi asked if the water rates on page three of the budget could show both the proposed and the current rates for comparison. He also asked if a breakdown on revenue from the two tiers of water rates could be provided. Director Nishi asked for the Ord Community rates to show a comparison in current and proposed water rates as well as a breakdown on revenue from the tiers of water rates. Director Nishi commented that the amount of revenue received from the capital component portion of the rates should be set aside for capital improvements and not used for operations and maintenance. Discussion followed.

Director Nishi noted that the Ord Community CIP is \$18 million and asked where the funding is coming from. Mr. Prasad answered that the options are to be determined by the Board.

Director Moore stated that this is the time to devote the budget workshop to discussing the \$18 million proposed CIP and if it is reasonable to put so much infrastructure in the ground before developments are ready for it.

Director Nishi asked what the last year's CIP budget was. Mr. Prasad answered it was \$24 million. Director Nishi commented that it was getting better. He added that at this point the District can't stop because there is iron in the ground that the District would not be able to pay for.

Mr. Lucca stated the reason behind the change in CIP is because the Developer's schedule is becoming clearer.

The Board decided on holding the budget workshop beginning at 6:30 p.m. on Wednesday, March 1, 2006.

- J. Review Draft Board Transmittal to Receive the Quarterly Financial Statements for October 1, 2005 – December 31, 2005:

Director Moore requested to have a report on capital expenses in the quarterly financials.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

K: Review Draft Board Transmittal to Consider Approving Expenditures for the Month of January 2006:

There were no questions or comments on this item.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

L. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of December 14, 2005:

There were no questions or comments on this item.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

M. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of January 11, 2006:

Director Nishi requested page 12 of the minutes to reflect Director Scholl's comment verbatim.

President Brown requested this item to be placed on the February 22, 2006 consent calendar.

4. Staff Report:

A. Discuss LAFCO Annexation Process:

Mr. Lloyd Lowrey, Legal Counsel, introduced this item. He explained the boundaries, the service area, the sphere of influence, election by and from divisions, annexation, and the FORA process.

B. Ord Village Lift Station Direct Connection to MRWPCA:

Mr. Sullivan gave a brief presentation. Director Nishi stated he had asked to have this on the agenda because this topic was discussed at the MRWPCA's Board meeting on January 30, 2006. He voiced his concerns over District staff negotiating without Board direction. Director Nishi stated that the MRWPCA capital projects are paid through connection charges and can't see why the District would have to pay a connection charge when there is already a lift station at that site. He suggested that staff restudy this and bring other recommendations back before the Board. President Brown asked Director Nishi to be more specific. Director Nishi stated that when Armstrong Ranch is developed and needs a lift station, they will pay the MRWPCA a connection charge, and if the District wants to put in a direct connection at that site, the District would have to pay as well, thus the MRWPCA would be receiving double payment. Regarding the Ord Village lift station, the Army already paid for a connection to the system so the District shouldn't have to pay again.

Agenda Item 4-B (continued):

Mr. Lucca answered that the Ordinance would not affect the District if operations stay the same, only if a new connection is made. Director Nishi asked the Board to provide direction at the next meeting.

Director Moore stated that the MRWPCA could argue that just because a connection fee is paid once, doesn't mean that you can keep adding more without additional cost.

Mr. Bob Holden, MRWPCA, stated that the initial pump stations are set-up to take all expected flows from the service area. The only time a connection has been made to the force main was when the City of Marina connected a lift station. Mr. Holden stated that if another lift station is required to connect to the force main, the MRWPCA would want to own and operate it for operating and maintenance reasons.

Director Moore urged staff to ask more questions. Mr. Lucca stated that there is a lift station already on the site, but the District is looking to run the pipeline straight to the main instead of back under the highway. Director Moore asked what the capital cost was. Mr. Sullivan answered that it was approximately \$500,000. Discussion followed.

President Brown recessed the meeting from 8:42 until 8:54 p.m.

The Board entered into closed session at 8:54 p.m.

7. Closed Session:

- A. Pursuant to Government Code Section 54956.9
Conference with Real Property Negotiators
Property: Communications Site Lease
Negotiating Parties: MCWD and Nextel
Under Negotiation: Price and Terms
- B. Pursuant to Government Code Section 54956.8
Conference with Real Property Negotiator
Property: Water Rights
Negotiating Parties: MCWD, Clark Colony Water Company
Under Negotiation: Price and Terms of Payment
- C. Pursuant to Government Code Section 54956.9
Conference with Real Property Negotiators
Property: District Desalination Plant
Negotiating Parties: MCWD and Marina Developers
Under Negotiation: Price and Terms

- D. Pursuant to Government Code Section 54956.8
Conference with Real Property Negotiators
Property: Easements, Rights-of-Way, Pipelines and Appurtenances, and Water Rights
Negotiating Parties: MCWD and MRWPCA
Under Negotiation: Price and Terms

- E. Pursuant to Government Code Section 54956.9
Conference with Real Property Negotiators
Property: City of Marina Corporation Yard
Negotiating Parties: MCWD and City of Marina
Under Negotiation: Price and Terms

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

The Board returned to open session at 10:00 p.m.

Director Moore made a motion to continue until 10:30 p.m. or until all items are complete. Director Nishi seconded the motion. With a vote of 2-Ayes, 2-Noes, 1-Absent, the motion failed.

President Brown made a motion to continue until 10:15 p.m. or until all items are complete. Director Moore seconded the motion. With a vote of 4-Ayes, 0-Noes, 1-Absent, the motion was passed.

The Board went back into closed session at 10:02 p.m.

8. Possible Action on Closed Session Items:

President Brown stated that no action was taken in closed session.

- A. Possible Action on Agreement for Existing Desalination Facility and Associated Water Rights:

President Brown stated direction was given to staff to begin drafting an agreement pursuant to the negotiations.

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9. Adjournment:

The meeting was adjourned at 10:15 p.m.

APPROVED:

David W. Brown, President Date

ATTEST:

Marc A. Lucca, General Manager