

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Regular Board Meeting  
July 12, 2006  
6:45 p.m.

**Minutes**

1. Call to Order:

President Brown called the meeting to order at 6:45 p.m. on July 12, 2006 after which the Board entered into closed session.

Board Members Present:

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

Board Members Absent:

None

Staff Members Present:

Marc Lucca, General Manager  
Lloyd Lowrey, Legal Counsel  
Andrew Sterbenz, Interim District Engineer  
Suresh Prasad, Director of Finance  
Richard Youngblood, Conservation Coordinator  
Joan Warren, Management Services Administrator  
Jim Dowless, Operations and Maintenance Superintendent  
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Eric Robinson, Cypress Knolls	Chandler Roland	Mike Owen
Bob Schaffer, Marina Community Partners	Quinton Roland	Chris Kern
Dick Goblirsch, Del Rey Oaks	Brian West	
Lyndel Melton, RMC	Tony Kelsey	
Bob Holden, MRWPCA	Julie Wunderlich, Jones Hall	
Trang Tu-Nguyen, University Villages	Peter Erickson	
Dave Houston, Citigroup Global Markets, Inc.	Thom Gammel	
Carmen Vargas, Citigroup Global Markets, Inc.	Bill Jennings, Cypress Knolls	
Doug Yount, City of Marina	Steve Bloomer, City of Seaside	
Allison Imamura, Denise Duffy & Associates	Ray Corpuz, City of Seaside	

3. Closed Session:

- A. 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
  
- B. Pursuant to Government Code Section 54956.8  
Conference with Real Property Negotiator  
Property: Easements, Rights-of-Way, Pipelines and Appurtenances, and Water Rights  
Negotiating Parties: MCWD and MRWPCA  
Under Negotiation: Price and Terms
  
- C. Pursuant to Government Code Section 54956.9  
Conference with Real Property Negotiators  
Property: Proposed Corporation Yard Site  
Negotiating Parties: MCWD and City of Marina  
Under Negotiation: Price and Terms
  
- D. 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

President Brown reconvened the meeting to Open Session at 7:38 p.m.

4. Pledge of Allegiance:

Everyone present participated in the pledge of allegiance.

5. Possible Action on Closed Session Items:

President Brown stated that no action was taken in closed session and items 3-B and 3-C were not discussed.

6. Oral Communications:

There were no comments.

7. Presentation:

- A. Consider Adoption of Resolution No. 2006-54 in Recognition of Brian West, Systems Operator II, and Awarding a Plaque and Gift Certificate for 10 Years of Service to the Marina Coast Water District:

Mr. Marc Lucca, General Manager, read the narration.

Director Nishi made a motion to adopt Resolution No. 2006-54 recognizing Brian West, Systems Operator II, and awarding a plaque and gift certificate for 10 Years of service to the Marina Coast Water District. Vice President Gustafson seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Gustafson	-	Yes
Director Scholl	-	Yes	President Brown	-	Yes
Director Nishi	-	Yes			

President Brown skipped ahead to item 10-A.

10. Action Items:

- A. Consider Adoption of Resolution No. 2006-53 to Approve an Agreement for Financing Repair and Operation of Existing Desalination Plant:

Mr. Lucca introduced this item. He explained that proposed revisions were received by the District late that afternoon. Mr. Lucca reviewed some of the additional proposed changes to the Desalination Agreement as follows:

- 1) Paragraph L – add the reference, “...annual water demand in accordance with paragraph’s 5.1 to 5.3, and 14.a. and 15 created by ...”
- 2) Section 5.3.c – change fifteen (15) days to thirty (30) and twenty-one (21) days to thirty-six (36).
- 3) Under Section 11, add a new subsection 11.7 to read as, “In the event that the DISTRICT does not receive in full any semi-annual payment of \$99,000 for the DESALINATION WATER CAPACITY PAYMENT due from the PROJECT GROUP plus the DESALINATION WATER CAPACITY CHARGE due from metered water customers in the PROJECT GROUP’s redevelopment projects pursuant to paragraph 11.2 of this AGREEMENT, then any actual costs reasonably incurred by DISTRICT in connection with DISTRICT staff’s review of the accuracy of that DESALINATION WATER CAPACITY PAYMENT’s calculation by the PROJECT GROUP pursuant to paragraph 11.2 of this AGREEMENT shall be reimbursed by the PROJECT GROUP at an hourly rate of \$50. The PROJECT GROUP shall deposit with the DISTRICT cash in the amount of \$1,000 at least thirty”

Agenda Item 10-A (continued):

(30) days prior to the due date for the first semi-annual DESALINATION WATER CAPACITY PAYMENT that is reduced to account for the sale or conveyance of one or more redevelopment project units or property to one or more metered water service customers subject to the DESALINATION WATER CAPACITY CHARGE. The DISTRICT shall provide to each PROJECT GROUP member a written statement describing any staff review time charged against the deposit. If charges against the deposit reduce that deposit to less than \$250, then the PROJECT GROUP shall replenish the deposit to its original \$1,000 amount. It shall be the PROJECT GROUP's sole obligation and right to divide responsibility severally among its three members for each of their shares of the payment of the preceding deposit and any subsequent replenishment. No individual PROJECT GROUP member shall be jointly responsible to DISTRICT for paying any part of another PROJECT GROUP member's contribution to that deposit or any subsequent replenishment."

- 4) Section 14, last paragraph to read, "...with the exception of: (1) funds deposited pursuant to paragraphs 11.1 and 11.2 of this AGREEMENT, and (2) any funds which..."
- 5) Section 2.5 to read as, "...amount of cash equal to the REPAIR COST, ~~or a lower dollar amount approved by DISTRICT.~~"

Mr. Lloyd Lowrey, Legal Counsel, clarified that the reference in under Paragraph L should be, "...annual water demand in accordance with paragraph's 5.1 to 5.3, and 14.a. and 14.b. created by ...".

Director Nishi made a motion to adopt Resolution No. 2006-53 to approve an agreement for financing repair and operation of existing desalination plant as amended with proposed changes. Vice President Gustafson seconded the motion. Director Moore thanked the Board for postponing this item from the last meeting so that he could participate in the discussion and added that he was personally still unsatisfied with the contract and could not support the motion.

Mr. Chandler Roland, Marina resident, stated that he could not comment on the substantial changes proposed because he did not have enough time to review them. He then admonished Board members Nishi and Gustafson for their actions at the previous meeting.

Mr. Mike Owen, Marina resident, commented that he appreciated the response he received from Mr. Lucca on the letter he had submitted previously. He added that he appreciated the fact that the Board is paying attention to detail on this agreement.

Mr. Quinton Roland, Marina resident, requested additional time to review and respond to the proposed substantial changes. He commented on a 6-page letter he submitted to the Board at the start of the meeting and stated that the questions stated in this letter, as stated in previous letters, have yet to be answered adequately. Mr. Roland asked several clarifying questions.

Agenda Item 10-A (continued):

Mr. Bill Jennings, Cypress Knolls, stated that the agreement is between the District and all three of the developers. He stressed the importance of this agreement to the developers, the Cypress Knolls development, Marina citizens and the seniors that Cypress Knolls will serve. Mr. Jennings urged the Board to approve this agreement.

Mr. Lowrey stated that under the RESOLVED section of the Resolution, paragraph 3 should read, "...to give effect to this Resolution, including filing a Notice of Determination."

Director Nishi amended his motion to include the change Mr. Lowrey suggested. Vice President Gustafson seconded the amended motion.

Mr. Erickson, Marina resident, voiced his support of the Cypress Knolls project.

Director Moore suggested granting the public time to review the proposed changes to the agreement.

Director Nishi stated that the proposed changes were not substantial. He added that MCWD was a Special District and is allowed to only charge what the actual cost is. Director Nishi stated that the District holds no favoritism over anyone particular.

Vice President Gustafson commented that he believed the agreement is worked in the best interest of Marina.

Director Moore stated that most changes were not substantial but paragraph 11.7 is brand new and this is the first time anyone is seeing it.

Mr. Lucca explained that paragraph 11.7 answers questions regarding payment of District personnel for administering portions of the agreement and other financing issues.

President Brown stated he sympathized with the concerns afore mentioned but even if the District does not approve this agreement, development would still continue. He added that this agreement will benefit the citizens of Marina.

Vice President Gustafson stated an additional benefit is in the engineering study that will be performed on the desalination plant.

The amended motion was passed.

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

President Brown opened the Public Hearing at 8:25 p.m.

With no comments forthcoming, President Brown closed the Public Hearing at 8:26 p.m.

8. Public Hearing:

A. Consider First Reading of Ordinance No. 42, Defining Dwelling Units and Direct Staff to Schedule a Second Reading on July 26, 2006:

Director Nishi stated that this was a step in the right direction for conservation. He commented that since this ordinance is targeted on new construction only, he suggested offering a special tiered rate as an incentive for existing structures to be individually metered. Mr. Lowrey stated that it was something the District could look at. Mr. Lucca suggested the Water Conservation Commission (WCC) review the suggestion. Director Moore stated he could support having the WCC look into individual metering although they have looked into it before.

Director Moore made a motion to schedule a second reading on July 26, 2006. Vice President Gustafson seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Gustafson	-	Yes
Director Scholl	-	Yes	President Brown	-	Yes
Director Nishi	-	Yes			

9. Consent Calendar:

Vice President Gustafson made a motion to approve the consent calendar consisting of items: A) Adopt Resolution No. 2006-56 to Renew the Professional Services Agreement with Schaaf & Wheeler for On-Call Plan Check Services; B) Adopt Resolution No. 2006-57 to Amend the FY 2006-2007 Budget to Reflect the Reclassification of the Open Project Engineer Position to a Capital Projects Manager Position; and, C) Approve the Expenditures for the Month of June 2006. Director Moore seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Gustafson	-	Yes
Director Scholl	-	Yes	President Brown	-	Yes
Director Nishi	-	Yes			

10. Action Items:

B. Consider Adoption of Resolution No. 2006-58 to Approve a Real Estate Exchange between the Marina Coast Water District and the City of Marina:

Mr. Andrew Sterbenz, Interim District Engineer, introduced this item.

Director Moore made a motion to adopt Resolution No. 2006-58 approving a real estate exchange between the Marina Coast Water District and the City of Marina. Vice President Gustafson seconded the motion. Mr. Lowrey commented that use of the land was evaluated in the University Village EIR and certified by the City of Marina. This action would include the finding that use of the land was evaluated in the University Village EIR and certified by the City of Marina; and, filing of a Notice of Determination. Mr. Lowrey stated the Resolution should be amended with a new WHEREAS to reflect the finding and an item 3 under the RESOLVED to reflect the filing. Director Moore amended his motion to include those changes. Vice President Gustafson seconded the amendment. The motion was passed.

Director Moore	-	Yes	Vice President Gustafson	-	Yes
Director Scholl	-	Yes	President Brown	-	Yes
Director Nishi	-	Yes			

President Brown recessed the meeting from 8:34 until 8:45 p.m.

11. Staff Reports:

A. Receive Update from Jones Hall and Citigroup Global Markets, Inc. on Bond Financing for Capital Improvement Projects; and Proposed Services of Union Bank of California as Trustee and Public Property Financing Corporation of California as the Non-Profit Corporation:

Mr. Suresh Prasad, Director of Finance, introduced this item. Ms. Julie Wunderlich, Jones Hall gave a brief presentation to the Board explaining how the financing process worked.

Director Moore asked for clarification on the Financing Corporation. Ms. Wunderlich answered that the Financing Corporation is a third party for the installment sale to take place. The Trustee cannot act as the third party because they are there for the benefit of the investors. Discussion followed. Director Moore inquired on the Certificate of interest payment due September 1, 2006. Mr. Dave Houston, Citigroup Global Markets, Inc. answered that the payments would be made from the bond proceeds.

Agenda Item 11-A (continued):

Director Nishi asked when Appendix A (schedule of installment payments) will be filled in. Mr. Houston explained the process of selling bonds and that the schedule of installment payments will be completed when the bonds are sold. Discussion on development schedules followed.

B. Discuss Formation of Ord Community Annexation Ad Hoc Committee:

Mr. Lucca introduced this item. President Brown questioned Legal Counsel if the City of Seaside could hold a seat on the Board. Mr. Lowrey stated that Seaside City Council could not hold a seat on the District Board under the current framework of statutes. In an election, once the District annexed the Ord Community, a public member from the City of Seaside could run and subsequently be elected to the Board.

Director Nishi stated the Committee chair should not be the General Manager but someone elected from the Committee members.

Vice President Gustafson stated that he doesn't want the Board to become burdened down by too many committees.

Mr. Lucca commented that the Municipal Services Review document performed by LAFCO could be completed within the next several weeks and may suggest a change to Board governance.

Director Moore commented that discussion between the land use jurisdictions and the District would be helpful.

Mr. Steve Bloomer, City of Seaside, commented that this is a good step and agreed on the concepts already mentioned.

Mr. Lucca asked for direction from the Board on this item.

Director Scholl suggested that the General Manager should be chair of the Ad Hoc Committee.

Director Moore agreed that the General Manager should chair the Committee.

Mr. Lucca stated that he would like to meet with representatives from the other land use jurisdictions to see if there are other issues they want addressed and bring that input back to the Board.



C. Receive Presentation on the Recycled Water Line Portion of the Regional Urban Water Augmentation Project:

Mr. Sterbenz introduced this item and Mr. Lyndel Melton, RMC Water and Environment. Mr. Melton gave an update on the Recycled Water Line portion of the Regional Urban Water Augmentation Project.

Director Nishi asked if the MRWPCA's easement down Del Monte Avenue was large enough to include another line. Mr. Bob Holden, MRWPCA, answered it was not.

Director Scholl questioned if there were customers signed up for recycled water. Mr. Lucca stated that the Fort Ord Reuse Authority requires customers to use recycled water regardless of the cost. He added that the City of Seaside is committed to use recycled water on the golf courses.

Director Moore suggested an outreach program to individual customers beyond the land use jurisdictions.

Director Scholl asked if the cost of recycled water is realistic to customers and if the numbers have been run to know an approximate cost. Mr. Lucca stated that the numbers have been run and if the cost of recycled water begins to approach the cost of desalinated water the Board will have a different question on their hands if land use jurisdictions may prefer desalinated water because of its flexibility.

President Brown noted that it was 10:00 p.m. and asked if there was a motion to continue the meeting.

Director Moore made a motion to continue until the agenda is complete. Director Scholl seconded the motion. The motion failed.

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

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12. Adjournment:

The meeting was adjourned at 10:01 p.m.

APPROVED:

\_\_\_\_\_  
Howard Gustafson, Vice President      Date

ATTEST:

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Marc A. Lucca, General Manager