

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
July 26, 2006
6:45 p.m.

Minutes

1. Call to Order:

President Brown called the meeting to order at 6:45 p.m. on July 26, 2006 after which the Board entered into closed session.

Board Members Present:

David Brown – President
Tom Moore – arrived at 6:50
Ken Nishi
Charles Scholl

Board Members Absent:

Howard Gustafson – Vice President

Staff Members Present:

Marc Lucca, General Manager
Dan Griffee, Legal Counsel
Andrew Sterbenz, Interim District Engineer
Suresh Prasad, Director of Finance
Richard Youngblood, Conservation Coordinator
Ken Demmons, Project Engineer
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Bill Dendy, Bill Dendy & Associates
Mark Del Piero, Pajaro Sunny Mesa Water District
Joe Rosa, Pajaro Sunny Mesa Water District
Peter MacLaggan, Poseidon Resources Corporation
Bob Holden, MRWPCA
Tom Buehl, MRWPCA
Peggy Shirrel, MRWPCA, CSDA
Dave Houston, Citigroup Global Markets, Inc.
Carmen Vargas, Citigroup Global Markets, Inc.
Tim O'Halloran, City of Seaside
Erin Harwayne, Denise Duffy & Associates
Chick Adams, Jones Hall

Susan Kiefert
Tony Kelsey

3. Closed Session:

- A. Pursuant to Government Code Section 54956.8
Conference with Real Property Negotiator
Property: Water Rights
Negotiating Parties: MCWD and Clark Colony Water Company
Under Negotiation: Price and Terms

- B. 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

- C. 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

- D. 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

- E. 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

President Brown reconvened the meeting to Open Session at 7:34 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 direction was given to the General Manager.

6. Oral Communications:

Ms. Peggy Shirrel, CSDA Representative – Region 3, informed the Board that CSDA is offering an ethics class on October 18, 2006 and the Monterey Regional Water Pollution Control Agency’s office; and, a conference from September 25 – 28 in North Lake Tahoe.

7. Presentations:

- A. Consider Adoption of Resolution No. 2006-60 in Recognition of Susan Kiefert, Customer Service Specialist, as Employee of the Year for FY 2005-2006:

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

President Brown made a motion to adopt Resolution No. 2006-60 recognizing Susan Kiefert, Customer Service Specialist, as Employee of the Year for FY 2005-2006 and awarding her with a check for \$400 and 16 hours off with pay. Director Nishi seconded the motion. The motion was passed.

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

The Board went back into closed session at 7:40 p.m.

The Board returned to open session at 7:52 p.m.

5. Possible Action on Closed Session Items:

President Brown stated that no action was taken in closed session and a report was given by the General Manager.

7. Presentations:

- B. Receive a Presentation from the Pajaro Sunny Mesa Water District on the Monterey Regional Seawater Desalination Project:

Mr. Mark Del Piero, Pajaro Sunny Mesa Water District, introduced this item and Mr. Peter MacLaggan, Poseidon Resources Corporation. Mr. MacLaggan gave a brief presentation to the Board on the Monterey Bay Regional Seawater Desalination Project.

Director Scholl questioned if the pilot plant was in operation and if not, what was the delay? Mr. MacLaggan stated the delay was waiting for the permits to be issued.

Agenda Item 7-B (continued):

Director Scholl questioned the timeline and financing of the desal pilot plant. Mr. MacLaggan answered Director Scholl's questions.

8. Consent Calendar:

Mr. Lucca requested to pull item A (Adopt Resolution No. 2006-61 to Accept the Environmental Assessment/Initial Study, Adopt a Finding of No Significant Impact, and Adopt a Mitigated Negative Declaration for the East Garrison Zone "B" Reservoir Project).

Director Scholl made a motion to approve the consent calendar consisting of items; B) Adopt Resolution No. 2006-62 to Accept the Environmental Assessment/Initial Study, Adopt a Finding of No Significant Impact, and Adopt a Mitigated Negative Declaration for the Ord Community Reservoirs D and E Replacement Project; C) Approve the Draft Minutes of the Regular Board Meeting of June 14, 2006; D) Approve the Draft Minutes of the Regular Board Meeting of June 28, 2006; and, E) Approve the Draft Minutes of the Special Board Meeting of July 12, 2006. President Brown seconded the motion. The motion was passed.

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

- A. Adopt Resolution No. 2006-61 to Accept the Environmental Assessment/Initial Study, Adopt a Finding of No Significant Impact, and Adopt a Mitigated Negative Declaration for the East Garrison Zone "B" Reservoir Project:

Mr. Ken Demmons, Project Engineer, introduced this item. He stated that it was pulled from the consent calendar because the final document was just completed and distributed to the Board. Director Moore pointed out a typo on page 94 of the packet. He stated that it looked like several words were missing from the first sentence in item number 3. Ms. Erin Harwayne, Denise Duffy & Associates, answered the sentence should read, "...oak trees six inches or more in diameter shall be...".

Director Moore made a motion to adopt Resolution No. 2006-61 accepting the Environmental Assessment/Initial Study, adopt a finding of No Significant Impact, and adopt a Mitigated Negative Declaration for the East Garrison Zone "B" Reservoir Project, as amended. Director Scholl seconded the motion. The motion was passed.

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

9. Action Items:

- A. Consider Adoption of Resolution No. 2006-63 Finding CEQA Exemption for a Resolution Authorizing the Issuance of Revenue Certificates; and Adoption of Resolution No. 2006-64 to Approve Bond Financing for Capital Improvement Projects:

Mr. Suresh Prasad, Director of Finance, introduced this item. Mr. Dave Houston, Citigroup Global Markets, Inc., informed the Board that the amount needed for Bond financing was reduced from \$60 million to \$41 million. He also stated that the District received a great rating of A- for bond issuance which will also save the District about \$5.6 million in bond insurance.

Director Moore asked for an estimate of the current interest rate. Mr. Houston answered that it approximately 5%. Director Moore asked if the A- rating was for this bond issuance only or if it would look forward to future bond issuances. Mr. Houston answered that the rating looks forward to the future and that looking at future bonds should have about the same rating.

Director Scholl asked if the bonds were callable. Mr. Houston answered that they were. The Board asked several more clarifying questions.

Director Nishi stated he still had concerns if the projects should stall how the District would make the payments on the bonds. Mr. Houston answered that the Board would have to keep an eye on the projects and make yearly decisions on how much to finance. Discussion followed.

Director Scholl made a motion to consider adoption of Resolution No. 2006-63 finding CEQA exemption for a Resolution authorizing the issuance of Revenue Certificates; and adoption of Resolution No. 2006-64 to approve bond financing for Capital Improvement Projects. Director Moore seconded the motion. Mr. Lucca stated that the Resolutions needed to be adopted independently.

Director Scholl modified his motion to only consider adoption of Resolution No. 2006-63 finding CEQA exemption for a Resolution authorizing the issuance of Revenue Certificates. Director Moore seconded the motion. The motion was passed.

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

Director Moore made a motion to consider adoption of Resolution No. 2006-64 to approve bond financing for Capital Improvement Projects. Director Scholl seconded the motion. The motion was passed.

Agenda Item 9-A (continued):

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

President Brown recessed the meeting from 8:26 until 8:36 p.m.

B. Consider Approving a Letter to Fort Ord Reuse Authority Regarding US Army's Final Water Needs Assessment Report – Presidio of Monterey/Ord Military Community:

Mr. Lucca introduced this item explaining that the Army's use of the District's water demand factors was misinterpreted.

Director Moore asked why the District should send this letter. Mr. Lucca answered it was needed to clarify use of the District's water demand factors.

Director Nishi suggested several changes to the letter: 1) third paragraph, fourth sentence to read, "This Marina Coast Water District water demand factor..."; and 2) at the end of the third paragraph, or add a new paragraph, added language stating what the existing uses are on the Ord Community with something that shows the actual usage. Mr. Lucca answered that the current usage is slightly higher than it should be due to the developments being new. Director Nishi stated that it should be clarified in the letter.

President Brown agreed that the letter should clarify the different demand factors.

Director Moore commented that this issue was a political conflict between the Army and the land use jurisdictions over water allocation and the District should avoid getting in the middle of the conflict.

President Brown postponed this item until August 9, 2006.

C. Consider Second Reading and Approval of Ordinance No. 42, Defining Dwelling Units:

Mr. Lucca introduced this item and stated that there was a change due to comments received from the City of Marina. Director Moore asked if this should be a first reading again due to the changes made. Mr. Dan Griffie, Legal Counsel, answered that it did not. Mr. Lucca stated that the ordinance was published with the revision included.

President Brown opened the Public Hearing at 8:50 p.m.

With no comments forthcoming, President Brown closed the Public Hearing at 8:50 p.m.

Director Moore made a motion to approve Ordinance No. 42, defining dwelling units. Director Scholl seconded the motion. The motion was passed.

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

10. Staff Reports:

A. Receive Staff Report on Board Member Compensation:

Mr. Lucca introduced this item. President Brown stated he had asked to bring this before the Board to perhaps get a broader diversity of people at the next election. Discussion followed.

Director Nishi stated that he could support compensation for future Board members after the current members are no longer on the Board. He stated that he did not believe current Board members should vote to compensate themselves. Discussion followed.

President Brown stated that since there was not enough support from the Board members, this issue would no longer be discussed.

B. Receive 2nd Quarter 2006 Water Consumption Report:

Mr. Richard Youngblood, Conservation Coordinator, introduced this item. Several clarifying questions were asked.

Director Moore asked if a column could be added to the report to show an annual acre-foot per year (afy) per equivalent dwelling unit (edu) subtracting out the common areas. Mr. Prasad clarified that it would require excluding the irrigation meters. Director Moore answered that he would like to see the irrigation meters separate. Mr. Lucca stated that staff would look into it. Mr. Youngblood stated that some areas have the irrigation connected to the individual meters. Director Moore asked that the report separate the irrigation meters wherever possible.

11. Informational Items:

A. General Manager's Report:

Mr. Lucca commented that there were several upcoming AB 1234 Ethic Training classes on July 27th in Salinas and November 13th in Santa Cruz.

B. Counsel's Report:

Mr. Griffie stated that the California Supreme Court found that Prop. 218 does apply to rates and fixed charges but not to connection fees.

C. Committee and Board Liaison Reports:

1. Water Conservation Commission:

Director Scholl stated that the WCC had a superb meeting.

2. Joint City-District Committee:

No comments.

3. MRWPCA Board Member:

Director Nishi stated that the meeting was uneventful.

4. LAFCO Liaison:

Director Nishi stated that LAFCO's issue on the Carmel Valley annexation was about actual costs and the timing of indemnification agreement. He asked Mr. Griffie to pass that information on to Mr. Lloyd Lowrey.

5. JPIA Liaison:

No comments.

6. Special Districts Association (SDA) Liaison:

No comments.

7. FORA:

Director Nishi stated the water issue in the Army's water assessment report created a lot of discussion.

8. Executive Committee:

No comments.

9. Community Outreach:

No comments.

D. Director's Comments:

Director Nishi commented that it is good that the Board members have different opinions and when members disagree on an item, they should try to come back on the next item and work as a Board. He stated that he thinks things have gotten better and the Board is headed in the right direction.

President Brown commented that it was the height of arrogance for a Board member to think the President does not control the meeting like he/she is supposed to.

12. Adjournment:

The meeting was adjourned at 9:07 p.m.

APPROVED:

David W. Brown, President Date

ATTEST:

Marc A. Lucca, General Manager