

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 9-D

Meeting Date: May 10, 2011

Submitted By: Paula Riso  
Reviewed By: Carl Niizawa

Presented By: Paula Riso

Agenda Title: Approve the Draft Minutes of the Special Board Meeting of February 22, 2011

Detailed Description: The Board of Directors is requested to approve the attached draft minutes of February 22, 2011.

Environmental Review Compliance: None required.

Prior Committee or Board Action: At the April 12, 2011 meeting the Board of Directors asked that staff review the tapes, make several corrections to the minutes, and return them to the next meeting for consideration.

Board Goals/Objectives: *Strategic Plan, Mission Statement – Providing high quality water, wastewater and recycled water services to the District's expanding communities through management, conservation and development of future resources at reasonable costs.*

Financial Impact:     \_\_\_ Yes     \_\_\_  No

Funding Source/Recap:     None.

Material Included for Information/Consideration:     Draft minutes of February 22, 2011.

Staff Recommendation: The Board of Directors approve the draft minutes of the February 22, 2011 special Board meeting.

Action Required:     \_\_\_ Resolution     \_\_\_  Motion     \_\_\_ Review

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Board Action

\_\_\_ Resolution No \_\_\_     Motion By \_\_\_     Seconded By \_\_\_

Ayes \_\_\_     Abstained \_\_\_

Noes \_\_\_     Absent \_\_\_

Reagendized \_\_\_     Date \_\_\_     No Action Taken \_\_\_

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Special Board Meeting  
February 22, 2011  
6:45 p.m.

**Draft Minutes**

1. Call to Order:

President Lee called the meeting to order at 6:45 p.m. on February 22, 2011.

2. Roll Call:

Board Members Present:

Bill Lee – President  
Dan Burns – Vice President  
Howard Gustafson  
Jan Shriner

Board Members Absent:

One vacant seat

Staff Members Present:

Jim Heitzman, General Manager  
Lloyd Lowrey, Legal Counsel  
Carl Niizawa, Deputy General Manager/District Engineer  
Kelly Cadiente, Director of Administrative Services  
Suresh Prasad, Director of Finance  
Richard Youngblood, Conservation Coordinator  
Thomas Barkhurst, Water Quality Chemist  
James Derbin, Operations and Maintenance Superintendent  
Brian True, Capital Projects Manager  
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Bob Holden, MRWPCA  
Dave and Robin McCall, Marina Residents  
Tom Moore, Marina Resident  
Andy Sterbenz, Schaaf & Wheeler  
Larry Parsons, Monterey Herald  
Wendy Askew, Marina Resident  
Luana Conley, Marina Resident  
Lyndel Melton, RMC Water & Environment  
Amy White, Monterey County LandWatch  
Patty Cramer, Marina Resident  
Charline Espinoza, Marina Resident

Mike & Candy Owen, Marina Residents  
Richard Newhouse, Marina Resident  
Candy Ingram, CCVCF  
George Riley, Monterey Resident  
Dan Amadeo, Marina Resident  
Kenneth Nishi, Marina Resident  
Janet Parks, CCVCF President  
Bob Drake, Marina Resident  
Laura Dickey, Marina Resident  
Patty Bradshaw, Marina Resident  
Derrick Nakanishi, CCVCF

3. Pledge of Allegiance:

President Lee asked Mr. Mike Owen to lead everyone present in the pledge of allegiance.

4. Oral Communications:

Mr. George Riley, Monterey resident, urged the Board to consider televising the Board meetings so everyone on the Peninsula has a chance to see what is going on, especially with the Regional Desalination Project.

5. Action Item:

A. Consider Appointment of Applicant to Fill the Existing Vacated Seat on the Board of Directors through November 2012:

Ms. Luana Conley, Marina resident, recommended the Board appoint Tom Moore to the vacant seat on the Board.

Ms. Patty Cramer, Marina resident, voiced her support of Tom Moore for the vacant seat on the Board.

Mr. Riley stated that when he saw the meeting material the other day, there were only two applicants and questioned how Mr. Ken Nishi's application came to be added. President Lee commented that there was not a cut-off for the submittal of applications and they would be accepted right up to the meeting time. Mr. Nishi's application arrived after the packet was published.

Director Shriner asked what the next step was if there was difficulty making an appointment due to the even number of Board members. Mr. Lloyd Lowrey, Legal Counsel, answered that the Board has sixty days, from the time a written resignation is received, to make an appointment or set an election. If nothing is done within that timeframe, for a District located wholly within a City, the City Council makes the determination, otherwise the Board of Supervisors does. Mr. Lowrey stated that this District has a unique circumstance because its political boundary is located wholly within a City; it owns property located outside the City; and, it serves by an Agreement that was approved by a number of jurisdictions, an area equivalent to the area within the District's jurisdiction. From a conservative view, Mr. Lowrey commented that there is the chance that the Marina City Council would make the appointment. Mr. Lowrey commented that the Board needed to make a decision as they were elected to exercise the judgment for their constituents and urged them to do so.

Director Shriner acknowledged the many letters and emails supporting Tom Moore for the appointment.

Agenda Item 5-A (continued):

Director Shriner made a motion to appoint Tom Moore to the vacant seat on the Board of Directors. The motion died for lack of a second.

Director Gustafson made a motion to appoint Kenneth Nishi to finish off the term. Vice President Burns seconded the motion. The motion was passed with one vacant seat.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	No	President Lee	-	Yes

Mr. Jim Heitzman, General Manager, gave the Oath of Office to Mr. Kenneth Nishi after which Director Nishi assumed his seat at the dais.

B. Consider Adoption of Resolution No. 2011-18 to Amend the Check Signing Policy:

Ms. Kelly Cadiente, Director of Administration, introduced this item stating that the Director of Administration will replace the Director of Finance as a check signer.

Director Shriner asked if there was any consideration for the Director of Finance being the signer with the Director of Administration position as back-up. Ms. Cadiente answered that as the head position in the Accounting Department, the Director of Administration would be the signer and the Director of Finance would be a back-up to process checks. This would ensure a check and balance in the Accounting Department.

Director Shriner asked if this would also amend any other documents or just the separate policy. Ms. Cadiente answered that it was just updating the Check Signing Policy.

Director Gustafson made a motion to adopt Resolution No. 2011-18 to amending the Check Signing Policy. Vice President Burns seconded the motion. The motion was passed.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	Yes	President Lee	-	Yes
Director Nishi	-	Yes			

C. Request for Board Direction to Staff on Working with the Central Coast Veterans Cemetery Foundation:

Mr. Heitzman introduced this item explaining that staff has been talking with various parties regarding horse trails, historical buildings and property, as well as the Central Coast Veterans Cemetery Foundation. The Central Coast Veterans Cemetery Foundation has requested assistance with building their cemetery.

Agenda Item 5-C (continued):

Mr. Heitzman asked the Board if they would like staff to continue talking with the Central Coast Veterans Cemetery Foundation in a more formal manner and asked the Board to provide direction.

Ms. Janet Parks, Central Coast Veterans Cemetery Foundation President, commented that the Central Coast Veterans Cemetery Foundation needs to raise \$800,000 by April 30, 2011 to remain on the State's budget and for them to ask the Federal Government for a grant to build the cemetery at Fort Ord. Ms. Parks stated that the Central Coast Veterans Cemetery Foundation is asking the District's help in funding the \$800,000 although they do not have any collateral as the land belongs to the City of Seaside who will turn it over to the State when the cemetery is built.

Mr. Derrick Nakanishi, Central Coast Veterans Cemetery Foundation volunteer, clarified that the Central Coast Veterans Cemetery Foundation is looking for a loan of \$800,000. Once the cemetery is built, the funds will be paid back with interest. Mr. Nakanishi added that they are expecting the funds to be paid back in two to three years.

Vice President Burns commented that he was in favor of the cemetery, but asked how the District would become the funding mechanism for the cemetery. Mr. Heitzman commented that staff is asking for direction from the Board to explore possibilities on how to fund this. There will be many restrictions on the District loaning funds but staff would like to opportunity to look at options.

Director Gustafson explained that the original maintenance cost for the project was \$3.5 million, but by raising the burial rates from \$350 to \$700, the amount now needed is \$1.25 million. Phase I of the project requires \$800,000 to be secured and \$425,000 will be remaining for the rest of the project. Director Gustafson stated that the funds would be paid back through burial rates. He added that negotiations with the Foundation need to be started so they can secure the deed and that will help in getting the public more involved.

President Lee asked for clarification that if 1,000 plots were sold, \$700,000 would be raised. Mr. Heitzman commented that the deal is not to be decided this evening. Director Nishi clarified that staff is only asking for approval to talk with the Central Coast Veterans Cemetery Foundation. It would be brought back to the Board when and if a decision regarding a loan is required.

Mr. Nakanishi clarified that the \$800,000 would not be reimbursed through burial fees, it would come from the Federal Government to the State in one lump sum within two to three years.

Mr. Heitzman commented that there may be some costs incurred through staff investigating the ability to do this loan and it may include some legal services.

Agenda Item 5-C (continued):

President Lee asked if the District would be reimbursed for those costs. Mr. Heitzman answered that the Board could ask to be compensated for those costs.

Director Shriner voiced her concern over the appearance of propriety and questioned if the District could make the explorations in good conscience that the funds will be coming from the Marina ratepayers and not from the Line of Credit with California American Water Company for the desalination project. Mr. Heitzman asked for clarification. Director Shriner asked for a guarantee that the funds for staff and legal services to explore the possibility of a loan to the Central Coast Veterans Cemetery Foundation will not come from the Peninsula but from the Marina ratepayers. Mr. Heitzman answered affirmatively.

Director Shriner made a motion for staff to explore the concept in hopes that it might serve as community outreach for the Marina Coast Water District. Director Gustafson seconded the motion. The motion was passed.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	Yes	President Lee	-	Yes
Director Nishi	-	Yes			

D. Direct Staff to Respond to the City of Marina Regarding the Coastal Development Permit for the Regional Desalination Project:

Mr. Heitzman introduced this item explaining that the Regional Project asked the City of Marina to send out comfort letters regarding the Consolidated Coastal Develop Permit. Marina City Council members had questions and requested, 1) a letter from the District Board, 2) a response to several letters written to the Council, and, 3) a letter requesting a local meeting. The Board, staff and public were given copies of the draft letters.

Ms. Amy White, Monterey County LandWatch, commented that the Marina City Council was concerned by the letters received from LandWatch, the Sierra Club, and the law offices of Michael Stamp. Ms. White explained that the reason for the letters was because the documentation presented to the City Council was different than what the PUC approved, i.e. differences in well locations and pipeline configurations. Ms. White asked if the District was going to pursue a consolidated permit with the Coastal Commission as the lead agency, would those hearings take place in Monterey County. LandWatch has talked with Coastal Commission staff and it is hard for them to assure that the hearings would be held locally which would limit public participation.

Ms. White added that LandWatch is covering the cost of filming and broadcasting this meeting.

Agenda Item 5-D (continued):

Mr. Dan Amadeo, Marina resident, commented that he was at the City Council meeting and part of the concern was that the letters were received by the City Council very late and the members did not have time to read them and digest what was in the letters. Mr. Amadeo said he thought the concern with the City Council is with the Public Utilities Commission being the lead agency. There is concern if the City of Marina, being most impacted by the construction of the project, would have an opportunity to voice any concerns, opinions or recommendations as the project moves forward. Mr. Amadeo stated that Mr. Lyndel Melton, RMC Water and Environment, answered that ~~they~~ the City of Marina would. He supported the letter requesting local public hearings and hoped the City of Marina approved the Coastal Commission permits as that is the right thing to do.

Vice President Burns asked for clarification on the permit consolidation. Mr. Heitzman answered that it included all three parties as the project goes from the south to the north of the Peninsula. The Coastal Commission is involved because the wells and a large part of the pipeline are in their area of jurisdiction and they would like a word on the project. The Coastal Commission also indicated that there would be a local meeting.

Mr. Heitzman commented that the first time the City of Marina was asked for a “comfort letter” was in 2009 and other jurisdictions have provided those letters upon the District’s request. The Coastal Commission prefers a consolidated permit and the City of Marina will still have a say when the encroachment permits comes through.

Director Gustafson commented that these letters were a typical late hour document dump. If they were truly concerned with the subject matter of those letters, they would have produced those documents in a timely manner for true transparency. Director Gustafson reiterated that in 2009 the District made the request to the City and they are costing the ratepayers money with their delay. He commented that the well location was a past desalination plant with a well that was on it already. Director Gustafson stated that he would recommend no response to any of the letters because the District has gone through a number of discourses through the public at the REPOG meetings.

Director Shriner commented that she was on the Public Works in May 2009 and had the approved minutes showing that the Public Works approved the revised recycled water pipeline route through the City of Marina, an allocation of 300 acre-feet to the City of Marina, and to hold a public outreach workshop. Director Shriner commented that to her knowledge there has not been a public outreach workshop.

Director Nishi questioned what the Public Works recycled water recommendation has to do with this item. Director Shriner commented that it was because several questions that came forward at the Marina City Council were regarding public participation.

Agenda Item 5-D (continued):

Director Nishi asked what that has to do with the Public Works agenda item referring to the recycled water. Director Shriner answered that two years ago the District was asked to hold a public outreach workshop and then it was to go the City Council for reassurance. President Lee explained that Director Shriner was talking about Regional Urban Water Augmentation Project (RUWAP) which was the recycled water project and that is different than the desalination project.

Director Shriner commented that on page 94 of the January 11, 2011 Board meeting, it says that the General Manager and staff will take action for a conditional project approval, but it does not specify that consultants will carryout that request for consolidation. On page 124 of the Water Purchase Agreement, it specifies monthly reports, and Director Shriner questioned where the reports are, and, on page 135 of the Water Purchase Agreement, it specifies a Community Involvement Forum. Director Shriner asked when the Community Involvement Forum is scheduled and when the date is for the workshop on the recycled water pipeline.

Director Shriner stated that the information in this packet is the information she was looking for in her email to staff on January 30, 2011. On February 8, she was told it was being worked on, on February 11<sup>th</sup> some of it was distributed through the Marina City Council packets, and on February 15<sup>th</sup> some of it, including these letters, was discussed at the City Council meeting. Director Shriner commented that it would only be fair if the Directors of this Board would have the information in a public meeting before their public forums. Director Shriner commented that on page 79 of this packet, specifies the local coastal program as an entity for requesting consolidation, is this the City of Marina? Is this the step RMC Water and Environment is on as a part of the next item on the agenda?

Director Nishi asked what the point Director Shriner is trying to convey. Director Shriner answered that there hasn't been the public participation that they have been promised. Director Nishi stated that he isn't sure what Director Shriner is trying to convey and referring to pages in past packets is making it difficult to follow. Director Shriner ~~said she passed~~ was passing to Director Nishi copies of the documents she referred to. Director Nishi said he still doesn't understand what point she is trying to make. Vice President Burns agreed. He said that the Board is talking about desalination and Director Shriner is talking about RUWAP. Vice President Burns stated that he isn't sure what Director Shriner is talking about other than her doing a bunch of research on something she thinks is relevant and he doesn't. Director Shriner said that she and the letters think the public deserves more participation in RUWAP and desalination. Director Nishi commented that it has been the intent of this Board to have that. Director Nishi stated that Director Shriner has only been on the Board less than three months and in time will see that the Board tries to be as transparent as any other agency. He wishes they can all work together and move forward to give the ratepayers the best product.



Agenda Item 5-D (continued):

Director Nishi voiced his concern that people come to these meeting and make false statements and the District doesn't correct them. For instance, that LandWatch is saying that the project is different than what was approved by the PUC and the District doesn't say it is or isn't true. Director Nishi said the District needs to clear the minds of the people on what the truth is and if the wells are substantially different. Mr. Lowrey commented that the answers to those questions are contained in the administrative drafts and responses. Director Nishi commented that the people at home don't have the letters and he would like to see a response to the statements made. He agreed with Director Gustafson that games are being played and it is costing the ratepayers money.

Mr. Lyndel Melton, RMC Water and Environment (RMC), commented that fundamentally, the wells are exactly as defined by the PUC. As within the PUC order, a test slant well on the District property will be constructed. The other test well on the drawings is shown within the zone, identified within the EIR, which is currently proposed to be located at the CEMEX property. Mr. Melton stated that the only possible change that someone might construe is the pipeline down Dunes Road. If you look at the appendix of the EIR you will see it is included because that entire reach was identified as a reach for project facilities wells to be located. Mr. Melton stated it goes from the District's property to the CEMEX property and that is exactly where the wells are located, nothing has changed in that regard. Director Nishi commented that it was his understanding on the pipeline that wasn't included, it might be economically feasible to go another route which is why it was in there. Mr. Melton clarified that in an effort to be transparent to the public, it was identified on the drawing that they might want to put a pipeline down that road, although it was very clearly identified in the EIR that the alternative pipeline would be run from the District offices up Reservation Road following TAMC right-of-way to the plant. Another pipeline route was going down Dunes Road and up to the plant. Mr. Melton stated that the alternative would be to put in two pipelines. By putting in this little piece of pipe, millions of dollars in capital costs could be saved. Director Nishi said that he wished this information could have been given at the City Council meeting.

President Lee said he was surprised to hear a comment that this had never been before the Board before and asked Mr. Melton to clarify how it was brought several times before this Board and the County Supervisors for approval. Mr. Melton answered that the entire project has been approved by this Board, the Board of Supervisors, and California American Water Company. All three have executed the Water Purchase Agreement which lays out very clearly the processes that are going to be utilized, how things are going to be done on a day-to-day basis, and how they will come back to this Board for various types of decisions. Mr. Melton stated that the fact they are pursuing a consolidated permit process is completely consistent with all the communications they have with the Board.

Agenda Item 5-D (continued):

Director Nishi commented that all the Directors have been given a copy of the Water Purchase Agreement and they should know that was the process that was approved. Director Nishi stated that to go before the City Council as a member of the Board of Directors and say that the Board did not approve it is blatantly false.

Director Shriner commented that page 124 specifies a monthly report and questioned when it would be given to the Board. Mr. Heitzman answered that a monthly report would be provided once a Project Management Agreement is in place. A monthly report is already given to the Advisory Committee. Director Shriner asked if the Board can receive that report. Mr. Heitzman answered that once the Project Management Agreement is signed there will be a consultant to provide the report. Director Shriner questioned the Community Involvement Forum on page 135 of the Water Purchase Agreement, and asked who was in charge of scheduling that. Mr. Heitzman answered that the scheduling is up to the Community Involvement Forum facilitator that RMC has already selected. Director Shriner questioned if a date has been scheduled. Mr. Melton answered that the first meeting is tentatively scheduled for March 31<sup>st</sup>.

Director Shriner stated that on January 11<sup>th</sup>, the Board approved the General Manager and staff to take action for the conditional project approval. She questioned how it switched to RMC. Mr. Lowrey answered that the Board previously authorized agreements with RMC to authorize engineering services in support of the staff's efforts with funding coming from the source previously approved, the Line of Credit. When the General Manager is directed by the Board to do something, there are a number of resources to draw on. The General Manager can draw on in-house staff or consultants for the assistance he needs. Mr. Lowrey explained that for several months if not years, the Board has had in place a series of agreements with RMC to provide support for the General Manager on this project. Director Shriner stated the approval given in January "directed the General Manager and staff to take all other actions that may be necessary to effectuate and implement the resolution and Conditional Project Approval" and questioned if the ball was passed to the consultant. Mr. Lowrey answered that "passed the ball" isn't appropriate as the General Manager has an additional resource available to him to implement this.

Director Nishi voiced his concern that Director Shriner is wasting their time with her lack of knowledge of how things work. The Board makes policy and hires a General Manager who implements that policy. Director Nishi commented that in his twenty years, this is the first time they have gone from Directors asking these specific questions. Director Nishi commented that what he is seeing is the same flow that is occurring at the City of Marina. There is a group of people that hire professionals and the layman, who has no expertise, takes up everyone's time to be brought up to speed. Director Nishi hopes staff hurries up and gets a Board workshop together to initiate educating everyone about the rules of the Directors, staff, attorney, consultants, etc. and the most efficient way to implement that.

Agenda Item 5-D (continued):

Mr. Lowrey stated that the City Council made some specific requests from this Board and it is appropriate to give them courteous and thoughtful responses. He added that staff has done their best to put together those responses and even if tweaked slightly, the substance to be in those letters is before the Board.

Director Nishi questioned what staff was recommending. Mr. Heitzman stated that staff recommends the Board give direction on the draft letters and staff finalize and send the three letters in response to the City Council request.

Director Nishi made a motion to direct staff to finalize the draft letters and send them in response to the City of Marina regarding the Coastal Development Permit for the Regional Desalination Project. Director Gustafson seconded the motion. Director Shriner commented that the public outreach has not been addressed in these letters. The outreach workshop that was mentioned in 2009, and the March 31<sup>st</sup> workshop are not mentioned in the letters. Director Shriner stated she cannot support this action. The motion was passed.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	No	President Lee	-	Yes
Director Nishi	-	Yes			

E. Consider Adoption of Resolution No. 2011-19 to Authorize a Project Management Agreement with RMC Water and Environment for Program Management of the Regional Desalination Project:

Mr. Heitzman introduced this item explaining that this is a request to formalize a Project Management Agreement (PMA) that exists between the Monterey County Water Resources Agency, California American Water Company, Marina Coast Water District, and RMC. This Agreement will take the project from where it is now to when it is producing water and the final acceptance. Mr. Heitzman stated that RMC was picked by the Advisory Committee as it was determined that their knowledge of the technical issues and the institutional settings was important, as well as their intimate knowledge of the project partners, and RMC has proven their ability to keep the project on schedule and they have dedicated key personnel to this project. Mr. Lowrey commented that Task Order 1 was distributed shortly after the packet was sent out and it would be the kind of action and document that the General Manager will sign and act on if the Board approves the Resolution authorizing the General Manager to execute the PMA substantially in the form presented to the Directors, and to take all other actions and execute all other documents as may be necessary or appropriate to give effect to this resolution and the PMA.

Agenda Item 5-E (continued):

Mr. Riley stated that he continues to congratulate the District for taking the lead, the risk and the political rations they get for taking the leadership on this. He also congratulated Lyndel Melton and the rest of the RMC staff. Mr. Riley commented that he has the utmost respect for Mr. Melton as he is always thorough, always a gentlemen, always accessible, always clear, and you can depend on him in many ways.

Mr. Tom Moore, Marina resident, questioned who would be the lead agency should an addendum need to be made to the project or Environmental Impact Report and would it have to go back to the Public Utilities Commission. Mr. Moore also stated that he would have liked this item to be presented at a regular Board meeting to allow more time for everyone to review the lengthy document as this is the second largest amount the District has ever approved.

Vice President Burns asked where the funds will come from for this Agreement. Mr. Heitzman answered that the funds would come from the Line of Credit with California American Water Company until the bonds are sold this summer. If the Line of Credit runs out of available funds, the project will be stalled. Mr. Heitzman commented that all three agencies are aware of the critical timeframe of the Peninsula's water source as 2016 and they are working on keeping to a rigid schedule to ensure that the timeframe is met with the next step in moving this project along; bonding.

Director Shriner questioned that of the \$28 million, the District's share is \$20 million and California American Water's share is \$1.2 million. Mr. Heitzman stated that was correct. Director Shriner asked if the permit and mitigation fees were included in this amount. Mr. Heitzman answered that this fee was just to get to the permit stage and the District has to pay for its permitting fees, just as the Monterey County Water Resources Agency, and California American Water has to pay for theirs. Director Shriner asked if it included right-of-way or easement costs. Mr. Heitzman stated that each agency has to pay those fees themselves. Director Shriner questioned other costs and Mr. Melton answered that those costs are not included in the Agreement, but local contractors will be used when the time comes.

Director Shriner questioned the word "shall" on page 106 of the packet, Section 12.1.3, last sentence of the first paragraph, and asked if the word meant that the District has to approve all contract change orders. Mr. Lowrey clarified that the way the resolution is written and intended to be interpreted, is that the General Manager is authorized and directed to take the actions and execute the document to implement this, subject to the financial restraints that have been placed on it. The General Manager would be able to come back at any time to seek guidance from the Board, but is not intended that the Board would be involved in all the technical details of implementing the agreements. Mr. Lowrey stated that it is intended that the District's General Manager, by virtue of the authority given in the resolution, would take those actions and report back to the Board.

Agenda Item 5-E (continued):

Mr. Heitzman commented that if there are small change orders, the person in the authority seat for the District would make those decisions. If it is a large issue that affects all three parties, the change order would go to the Advisory Committee and if all three agree, it moves forward. Mr. Heitzman added that if they don't agree, it goes back to the respective Boards for a decision. Award of a substantial contract would come before the Board to be formalized.

Director Shriner suggested ~~striking the phrase~~ replacing the sentence "MCWD shall approve all contract change orders prior to issuance by Project Manager." with "All changes will be subject to approval by the (MCWD) Board". She indicated that her concern is that the word "shall" means that MCWD is required to approve the change orders. Director Lee commented that sentence means that the District has the authority not that a requirement to do so. Mr. Lowrey answered that the ~~phrase-sentence~~ should be kept in place because the Board delegates authority to the General Manager who oversees the work of the Project Manager in the process previously discussed by Mr. Heitzman.

Director Nishi made a motion to adopt Resolution No. 2011-19 authoring a Project Management Agreement with RMC Water and Environment for Program Management of the Regional Desalination Project. Director Gustafson seconded the motion. Director Shriner asked if the permitting matrix, as shown on page 78 of the packet, could be added to the motion. Director Nishi stated that he made a motion to approve Resolution No. 2011-19. The motion was passed.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	Yes	President Lee	-	Yes
Director Nishi	-	Yes			

6. Director's Comments:

Director Shriner asked to have added to the agendas in the future, possibly in place of the old committees, the construction schedules, the permitting matrix, the construction costs, the master project schedule, and the processing changes. Mr. Heitzman commented that if the consultant is required to put together a report for every agenda, there could be added costs for the extra work. President Lee suggested that when the reports are provided to the General Manager, he could provide those to the Board for informational purposes.

Vice President Burns asked to put Director Shriner's request on the next agenda for the Board to vote on whether they want it or not.

Director Gustafson voiced his disappointment that a Director made a comment at a Council meeting, saying that the Council should "go get them".

Agenda Item 5-E (continued):

Director Nishi wanted to reinforce the idea that the District hold a Strategic Plan to work on teambuilding and goals. In the meantime, he suggested adding to the agenda, excerpts from the Board Procedures Manual for discussion on the roles of the Board.

Director Nishi commented that the Board is still going back down into the minutia and asking questions that shouldn't be asked.

Director Nishi made a comment to Mr. Riley that the District hired the General Manager and there were concerns by a councilmember in Monterey about the District's expertise in being able to do a project this size. As a prime example; a question was asked and the General Manager asked the consultant to answer the question. Director Nishi stated that he hopes this reinforces that the District is going to produce this project at the best cost that it can, and if costs escalate, it is not because the District failed, it is because of the people that want to stall this out. Every time it is stalled it will cost people a lot more money. Director Nishi stated that he hopes that people on the Monterey Peninsula understand they are hurting themselves. The sooner this thing gets going, the sooner it will be a better life for people.

7. Adjournment:

The meeting was adjourned at 8:10 p.m.

APPROVED:

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William Y. Lee, President

ATTEST:

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Jim Heitzman, General Manager