

Marina Coast Water District
Agenda Transmittal

Agenda Item: 8-G

Meeting Date: July 12, 2011

Submitted By: Paula Riso
Reviewed By: Carl Niizawa

Presented By: Paula Riso

Agenda Title: Approve the Draft Minutes of the Regular Board Meeting of June 14, 2011

Detailed Description: The Board of Directors is requested to approve the attached draft minutes of June 10, 2011.

Environmental Review Compliance: None required.

Prior Committee or Board Action: None.

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 ___ X No

Funding Source/Recap: None.

Material Included for Information/Consideration: Draft minutes of June 14, 2011.

Staff Recommendation: The Board of Directors approve the draft minutes of the June 14, 2011 regular Board meeting.

Action Required: ___ Resolution ___ X Motion ___ Review

Board Action

___ Resolution No ___ Motion By _____ Seconded By _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Reagendized _____ Date _____ No Action Taken _____

Marina Coast Water District

District Office
11 Reservation Road
Marina, California

Regular Board Meeting
June 14, 2011
6:45 p.m.

Draft Minutes

1. Call to Order:

President Lee called the meeting to order at 6:45 p.m. on June 14, 2011.

2. Roll Call:

Board Members Present:

Bill Lee – President
Dan Burns – Vice President
Howard Gustafson
Jan Shriner
Kenneth K. Nishi

Staff Members Present:

Jim Heitzman, General Manager
Lloyd Lowrey, Legal Counsel – arrived at 6:48 p.m.
Carl Niizawa, Deputy General Manager/District Engineer
Jean Premutati, Management Services Administrator
Kelly Cadiente, Director of Administrative Services
Thomas Barkhurst, Water Quality Chemist
Rich Youngblood, Conservation Coordinator
Brian True, Capital Projects Manager
James Derbin, Interim Operations and Maintenance Superintendent
Patrick Breen, Capital Projects Manager
Joe Correa, Interim Assistant Operations and Maintenance Superintendent
Paul Lord, Water Conservation Specialist
Gary Rogers, Associate Engineer
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Brian McCarthy, Marina Resident
Sherry Payne
Tom Moore, Marina Resident
Andy Sterbenz, Schaaf & Wheeler
Evelina Adlawan
George Riley, Monterey Resident
Bob Holden, MRWPCA

Richard Newhouse, Marina Resident
Suresh Prasad, Marina Resident

The Board entered into closed session at 6:52 p.m.

3. Closed Session:

- A. Pursuant to Government Code Section 54956.95
Liability Claims
Claimant: Ausonio Incorporated
Agency Claimed Against: Marina Coast Water District

- B. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
(Subdivision (a) of Section 54956.9)
Ag Land Trust v. Marina Coast Water District and Does 1-100, Monterey County Superior Court Case No. M105019 (First Amended Petition for Writ of Mandate and Complaint for Declaratory Relief)

- C. Pursuant to Government Code 54957.6
Conference with Labor Negotiators
Agency designated representatives: William Lee and Dan Burns
Unrepresented Employee: General Manager

The Board ended closed session at 7:05 p.m.

President Lee reconvened the meeting to open session at 7:06 p.m.

4. Possible Action on Closes Session Items:

Mr. Lloyd Lowrey, Legal Counsel, reported the following:

- 3-A – the Board of Directors conferred with Legal Counsel, direction was given and no action was taken.
- 3-B – there was no action taken.
- 3-C – there was no discussion on this item.

5. Pledge of Allegiance

President Lee asked Mr. Rich Youngblood, Conservation Coordinator, to lead everyone present in the pledge of allegiance.

6. Oral Communications:

Mr. Tom Moore, Marina resident, commented that in the past, several members of the Board complained that the District needed better public outreach and as a result, Director Gustafson was appointed to take charge of public outreach efforts.

Agenda Item 6 (continued):

Mr. Moore continued saying that a group of concerned citizens have taken decided to help with these outreach efforts by raising money to pay for the videotaping and broadcasting of District Board meetings. He said the citizens have formed a non-profit association called More Transparency and donations can be sent to: More Transparency, P.O. Box 693, Marina, CA 93933. Mr. Moore stated that since the District is saving up money for a \$26 million connection to the Regional Desalination Project, it is reasonable that the Board can't afford the \$5,000 per year necessary to videotape the Board meetings. He added that if people want to see future meetings broadcast on the AMP channel they must send in their donations to the address previously given. Mr. Moore said that all donations will be used exclusively to pay for expenses related to videotaping and broadcasting future water board meetings on AMP.

Mr. Moore commented that in the April 18th issue of the Marina Gazette, an item appeared entitled, Marina Coast Water District Budget Reduction's Help Minimize Rate Increase". He added that the quarter page item reads like an ad disguised as a news article. Mr. Moore stated that such ads in most newspapers are clearly identified as advertisements. He stated that he would like to know if it was an ad or not, and if any District staff or consultant time was spent on this. Mr. Moore asked if it was an ad, who paid for it and how much did it cost. He added that if any District resources went into this ad, he expects that Director Nishi would be very unhappy to learn of it. Mr. Moore stated that Director Nishi had complained for a number of years that District resources were used to hang small photographs of members of the Board of Directors in the entryway to the District admin building. He said that ultimately, General Manager Heitzman heeded his complaints and removed these photographs. Mr. Moore commented that there was no doubt that Director Nishi would object to District resources going into an ad that names each Director in turn and gives a pithy quote designed to show how valuable each Director was to the District. He again asked if it was an ad or not, and if not, why wasn't the author identified.

7. Presentations:

- A. Consider Adoption of Resolution No. 2011-38 in Recognition and Appreciation of Evelina Adlawan, Water Quality Manager, and Awarding a Plaque and Retirement Recognition Award Upon Her Retirement from the District:

Director Gustafson made a motion to adopt Resolution No. 2011-38 in recognition and appreciation of Evelina Adlawan, Water Quality Manager, and awarding a plaque and retirement recognition award upon her retirement from the District. Director Nishi seconded the motion. The motion was passed.

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

Agenda Item 7-A (continued):

President Lee read the narration and presented Ms. Adlawan with her plaque and recognition award. Ms. Adlawan thanked the Board, the General Manager, and her colleagues for having been given the opportunity to work for the District. She wished the District luck with the new project and would be staying informed through the newspapers.

Noting that Mr. West was not present, President Lee took the items out of order.

- C. Consider Adoption of Resolution No. 2011-40 in Recognition of Brian West, Systems Operator II, and Awarding A Plaque and Gift Certificate for 15 Years of Service to the Marina Coast Water District:

Director Gustafson made a motion to adopt Resolution No. 2011-40 in recognition of Brian West, Systems Operator II, and awarding a plaque and gift certificate for 15 years of service to the Marina Coast Water District. 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			

- B. Consider Adoption of Resolution No. 2011-39 in Recognition of James Derbin, Interim Operations and Maintenance Superintendent, and Awarding a Plaque and Gift Certificate for 5 Years of Service to the Marina Coast Water District:

Director Gustafson made a motion to adopt Resolution No. 2011-39 in recognition of James Derbin, Interim Operations and Maintenance Superintendent, and awarding a plaque and gift certificate for 5 years of service to the Marina Coast Water District. Director Nishi seconded the motion. The motion was passed.

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

President Lee read aloud the narration and presented Mr. Debin with his plaque and gift certificate.

8. Consent Calendar:

Vice President Burns pulled item A from the Consent Calendar.

Agenda Item 8 (continued):

Director Gustafson made a motion approve Consent Calendar consisting of items:

- B. Approve the Expenditures for the Month of May 2011
- C. Approve the Draft Minutes of the Regular Board Meeting of May 10, 2011

Director Shriner seconded the motion. The motion was passed.

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

- A. Adopt Resolution No. 2011-41 to Approve a Professional Services Agreement with Ron Allen to Provide Consultant Services for the Water Education Program for a Not-to-Exceed Amount of \$12,000:

Mr. Rich Youngblood, Conservation Coordinator, introduced this item noting that a revised Professional Services Agreement was handed out prior to the meeting for consideration. Vice President Burns asked if the program would be expanded to include the Monterey Peninsula, and if so, would the District be asked to fund part of that. Mr. Youngblood answered that there is one part of the education program that goes out to the entire peninsula but that the District only pays for the program that is given to schools within the District.

Director Gustafson made a motion to adopt Resolution No. 2011-41 approving a Professional Services Agreement with Ron Allen to provide consultant services for the Water Education Program for a not-to-exceed amount of \$12,000. 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			

9. Public Hearing:

President Lee opened that Public Hearing at 7:21 p.m.

- A. Receiving Public Comment on Increases in District Rates, Fees, and Charges for Central Marina:

Mr. Moore handed in his letter of protest. He stated that he wanted to point out that the 4.9% increase proposed for this year and next year, does have impacts that the Board and public should be aware of.

Agenda Item 9 (continued):

Mr. Moore said that from 2006 to 2010 the Consumer Price Index (CPI) has increased for the San Francisco Bay Area by about 12.2% while during the same period, the rates for the District have increased by 20.6% in Central Marina, 30.4% for Ord water, and 27.8% in Ord sewer. He stated that if the 4.9% rate increase for this year and the 4.9% increase for next year were passed, and assuming that the CPI for each year is 3.5%, it would total the following increases since 2006: CPI total is 20.2%, while the rates for Central Marina would have increased 32.7%, Ord water 43.5%, and Ord sewer 40.7%. Mr. Moore commented that the earlier increases were to compensate for not having rate increases for several years, but he is worried in this economic environment that the 4.9% increases two years in-a-row, which is likely to be well above the CPI, is pushing it.

Director Nishi commented that Mr. Moore has a selective memory. He stated that the original proposed increase was 7.8% that was recommended by Bartle & Wells in their 5 year rate study, but the Board lowered it to 4.9%. Director Nishi stated that the Board could have gone down to zero, but due to the \$40 million in Bonds that were approved in 2006 when Mr. Moore was President of the Board, the Board has to have an increase to cover those bonds. Director Nishi voiced his concern over Mr. Moore and the other members of the Board who encumbered Central Marina with the loan back in 2006. He added that the current Board has to increase rates because of Mr. Moore's leadership.

Director Shriner commented that one thing that was brought to her attention at the Strategic Planning Workshop was that when decisions were made they are left in the past. She said that she was also told, as a member of the public in the City of Marina, the proper behavior of elected officials is not to attack members of the public. Director Shriner also said that 25% of the Ord Community ratepayers protested the increase and asked how many from Central Marina protested. Ms Kelly Cadiente, Director of Administrative Services, said she would address that under item 10-A.

Director Nishi commented that he looks at things a little bit differently and said that Director Shriner will need to understand that he doesn't always do everything like everyone else does. He added that he is a little bit different and asked her to excuse him.

After receiving no other public comments, President Lee closed the Public Hearing at 7:28 p.m.

10. Action Items:

- A. Consider Adoption of Ordinance No. 54 Approving New District Rates, Fees & Charges for Central Marina Water and Wastewater:

Ms. Cadiente introduced this item.

Agenda Item 10-A (continued):

Ms. Cadiente stated that 62 protests were received from Central Marina. She explained that the first and second readings of Ordinance No. 54 were completed at the previous two Board meetings and the Public Hearing on this matter had just been completed moments ago. Ms. Cadiente stated that staff is recommending adoption of Ordinance No. 54. Director Gustafson commented that as a ratepayer himself, he has reviewed the rates closely. He added that as a government employee that have been furloughed for over two years and has taken an 18% pay cut without seeing any raises for the foreseeable future, he is glad that the rates are still pretty reasonable.

Vice President Burns made a motion to adopt Ordinance No. 54 approving new District rates, fees & charges for Central Marina water and wastewater. 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			

B. Consider Adoption of Resolution No. 2011-42 to Approve the Central Marina Budget for FY 2011-2012:

Ms. Cadiente introduced this item stating that this is the same budget that was presented to the budget on April 4th as well.

Director Shriner questioned pages 34, 35, and 38 of the budget where they mention the SCADA system and asked why there wasn't any cost listed for the fiscal year 2011/2012. Ms. Cadiente stated that the projects are proposed for the out-years. Director Shriner asked if the agenda item 10-C costs are included in the fiscal year 2012/2013. Mr. Jim Heitzman commented that they would be talking about that item next and right now they were talking about item 10-B.

Director Shriner asked about page 44 of the budget and asked for clarification on the debt service coverage. Ms. Cadiente answered that the District is required to meet the minimum coverage ratio, as shown in the graph on page 44, and is also required to meet another bond covenant for the bonds that were refinanced in 2010. She said that the chart shows that with the rate increase, the District meets the covenant.

Director Gustafson made a motion to adopt Resolution No. 2011-42 to approve the Central Marina Budget for FY 2011-2012. 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. Consider Adoption of Resolution No. 2011-43 to Approve an Amendment to the Professional Services Agreement with TJC & Associates Inc. for Consulting Services Related to the District's Supervisory Control and Data Acquisition System for a Not-to-Exceed Amount of \$92,550:

Mr. Carl Niizawa, Deputy General Manager/District Engineer, introduced this item.

Director Shirner asked about the SCADA budget and if the project would have to wait since there were no costs allocated in the 2011/2012 budget. Mr. Niizawa answered that it would be funded through the Eastern Distribution Project line item that has a total amount of \$2.6 million.

Director Gustafson made a motion to adopt Resolution No. 2011-43 to approve an amendment to the Professional Services Agreement with TJC & Associates Inc. for consulting services related to the District's Supervisory Control and Data Acquisition System for a not-to-exceed amount of \$92,550. 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			

- D. Consider Adoption of Resolution No. 2011-44 to Approve an Amendment to the Construction Contract with Dilbeck & Sons for Construction and Related Expenses of the Imjin Office Park Building C for a Not-to-Exceed Amount of \$80,000:

Mr. Patrick Breen, Capital Projects Manager, introduced this item explaining that the amendment will cover site pathway and plaza lighting, irrigation insulation and landscaping, all of which are necessary to receive final occupancy for the building.

Vice President Burns clarified that the other partners would be sharing in the cost and the amount to the District would be about \$30,000. Mr. Breen answered affirmatively.

Director Nishi questioned the additional costs for the landscaping and asked if it included the parkway. Mr. Breen answered that the parkway is not called for in the use permit for the project. Director Nishi asked if the District will need to pay for landscaping for the parkway. Mr. Heitzman said not at this time.

Director Nishi stated that he was concerned that the District is getting nickel and dimed and they don't know what the total cost will be at the end. He suggested putting extra money in the budget and landscaping the parkway now to plan ahead. President Lee commented that AT & T is going to tear up the ground there so maybe the District should wait. Director Nishi said that even if they tear up the landscaping, after they are done, they are responsible to put it back the way it was.

Agenda Item 10-D (continued):

Director Gustafson made a motion to adopt Resolution No. 2011-44 to approve an amendment to the construction contract with Dilbeck & Sons for construction and related expenses of the Imjin Office Park Building C for a not-to-exceed amount of \$80,000. Vice President Burns seconded the motion. The motion was passed.

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

E. Consider Adoption of Resolution No. 2011-45 to Adopt an Updated Water Shortage Contingency Plan:

Mr. Gary Rogers, Associate Engineer, introduced this item explaining the Water Shortage Contingency Plan (WSCP) is part of the Urban Water Management Plan and if it is not adopted by the Board, the previous 2005 WSCP will remain in place. Vice President Burns questioned the chloride levels and asked if there was concern over rising chlorides. Mr. Heitzman answered that there are no concerns at this time. He added that rising chlorides indicate seawater intrusion and as the District is moving its wells east, there are avoiding the front of seawater intrusion. Director Nishi commented that the District had that problem when the wells were in the 180 and 400 foot aquifers, and the way to prolong the use was to blend the water.

Director Shriner commented that the Triggering Mechanisms for Conservation States says, “The General Manager and/or Board of Directors may impose any of the following conservation stages...” and suggested splitting the Conservation Level Triggering Mechanisms so that if Stage 3 were reached, it would have to come before the Board. Director Nishi commented that he would like it to remain “...General Manager and/or Board of Directors...” Director Shriner said that the Board could be excluded from a Stage 5 declaration. Director Nishi said that the Board has to trust staff.

Director Shriner suggested on page 80 of the packet, to move the “No building permits or new meters will be installed...” to Stage 2 instead of Stage 3, and adding cistern or catchment systems incentives at Stage 2.

Director Nishi made a motion to adopt Resolution No. 2011-45 to adopt an Updated Water Shortage Contingency Plan. Director Gustafson seconded the motion. Director Shriner commented that the Water Conservation Commission or the Water Conservation Coordinator can determine an exemption from the conservation methods. She also noted on page 88 of the packet under Stage 1 and 2 Water Shortages, it says that monthly reports are forwarded to the General Manager, the Water Conservation Commission, and the Board of Directors, and if reduction goals are not met, the General Manager may notify the Board for corrective action. Director Shriner stated that she would like it to say that a special meeting will be held for action.

Agenda Item 10-E (continued):

Director Shriner asked if the motion included her suggestions. President Lee answered that it did not.

The motion to adopt Resolution No. 2011-45 adopting an Updated Water Shortage Contingency Plan was passed.

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

F. Consider Adoption of Resolution No. 2011-46 to Approve and Adopt the District's 2010 Urban Water Management Plan:

Mr. Rogers introduced this item, adding that the plan needs to be adopted by July 1, 2011.

Director Shriner asked how the Region was defined and why it didn't include the Salinas Valley Groundwater Basin or the Watershed boundary. Director Shriner was told she was questioning item 10-G and this was item 10-F.

Mr. Niizawa commented that staff would like to request the Board to include in their motion to allow staff to make non-substantive changes in cleaning up the document for distribution.

Director Gustafson made a motion to adopt Resolution No. 2011-46 to approve and adopt the District's 2010 Urban Water Management Plan, allow staff to make non-substantive changes, and request staff to email the Board the corrections. 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			

G. Consider Adoption of Resolution No. 2011-47 to Approve a Memorandum of Understanding for Integrated Regional Water Management in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region:

Mr. Rogers introduced this item.

Director Shriner asked how the Region was defined and why it didn't include the Salinas Valley Groundwater Basin or the Watershed boundary. Director Nishi stated that Section D, at the bottom of page 98 explains the definition of the region. Director Shriner said that it doesn't mention the Salinas Valley Groundwater Basin.

Agenda Item 10-G (continued):

Mr. Heitzman commented that the Salinas Valley Groundwater Basin is not included in this Integrated Regional Water Management (IRWM). He added that they are in a different IRWM. Mr. Heitzman said that the District and the Monterey County Water Resources Agency are over both the Seaside Basin and the Salinas Basin, so the two entities are requesting to be in both IRWM's as it helps with grants. Director Shriner asked how the lead agency was selected. Mr. Rogers said the group had been formed for years before the District asked to be included. Director Shriner asked several more clarifying questions.

Director Nishi commented that the General Manager mirrored what the Board had always wanted to do, which is to help its neighbors and enable the small entities to get done what needs to be done. He then voiced his concern over the signatories such as the Big Sur Land Trust and didn't know why other peninsula cities aren't a part of this.

Director Nishi made a motion to adopt Resolution No. 2011-47 to approve a Memorandum of Understanding for Integrated Regional Water Management in the Monterey Peninsula, Carmel Bay, and South Monterey Bay Region. 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			

H. Consider Directing Staff to Draft a Request for Proposals for District Legal Services

Mr. Lowrey recused himself from this item and left the room. Ms. Jean Premutati, Management Services Administrator, introduced this item.

Vice President Burns commented that he realizes there are issues, but this is a critical time to try to move on to a new firm to provide legal services, and it could put the District behind in some of the negotiations. He suggested appointing a couple of people to meet with Noland, Hammerly, Etienne and Hoss (NHEH) to discuss the issues and give them the opportunity to resolve them.

Director Shriner questioned the financial impact. Ms. Premutati answered that the Board is being asked to direct staff to draft a Request for Proposals, so at this time there is no financial impact. Director Shriner asked if there would be financial impact when staff goes to meet with NHEH. Mr. Heitzman answered that Vice President Burns was referring to having Board members talk to NHEH and added that staff time is not included in financial impacts on agenda items.

Agenda Item 10-H (continued):

Director Nishi stated that he had asked for this item to be placed on the agenda and that he agrees with what Vice President Burns said, although Director Nishi said he would like to keep NHEH in position to help with items like the Ag Land Trust issue. He added that the District should go out for District counsel just like they did for Human Resource legal counsel. Director Nishi suggested the District should do a comprehensive look at what they need for now and in the future. Director Nishi read a statement given by Mr. Lowrey at the March 8th meeting that said, "District Counsel Authority and Duties: Legal Counsel shall serve at the pleasure of the Board at the direction of the General Manager subject to direction by the Board. Legal Counsel shall be responsible to review and comment on matters as requested by the Board." Director Nishi said that he felt that was the fatal flaw. He added that Legal Counsel should be responsible to review and comment on legal matters requested by the Board or General Manager. Director Nishi said that the statement goes on to say, "Review and prepare material as requested by the Board or General Manager." He stated that it should be on legal issues. Director Nishi said that the Board Procedures Manual states, "Direction to District Counsel – Individuals are encouraged to present any questions or issues that may require legal opinions or analysis." Director Nishi said that leads to a conflict between the duties listed in Resolution 98-1 and the Board Procedures Manual and it should be cleaned up. He added that the time is right for a change.

Director Gustafson made a motion for the President appoint two Directors to negotiate with Noland, Hammerly, Etienne and Hoss, concerning the issues described. Following discussion, Director Gustafson withdrew his motion.

President Lee stated that there is no motion on this item and an Ad Hoc Committee will be appointed at a later time.

11. Staff Report:

A. Monthly Water Meter Charge for Upsized Meters Due to Fire Protection Sprinkler Systems:

Mr. Brian True, Capital Projects Manager, introduced this item explaining that following a request from a customer, staff has been looking into the charges for 1" meters that are required by the City of Marina's fire code. He added that the current methodology the District uses to recover the fixed cost portion of their cost is fair and allowable. Mr. True commented that after informally canvassing other agencies, half charge their customers in the same manner as the District.

Mr. Heitzman commented that over the last year or so, this has become a hot topic with other municipalities as well, and there has been a lot of conversation amongst water officials. Mr. Heitzman stated that he asked staff to find out where the whole industry is headed before bringing it back to the Board of Directors for discussion.

Agenda Item 11-A (continued):

Mr. Heitzman said that staff talked to Bartle Wells Associates and they indicated other agencies are creating a special class with the rate set at 20% over the 3/4" meter charge. He added that staff would like to return to the Board in a couple of months with what the current and progressive thought is with larger water districts in the state.

Mr. Brian McCarthy, Marina resident, thanked staff for their time and efforts regarding this issue. He encouraged the Board to pursue a rate structure that is fair and equitable to all ratepayers including those with residential fire sprinklers. Mr. McCarthy commented that the District's rate for a 1" meter is 250% higher than that of a 3/4" meter and this is the highest rate he could find in the area. He added that California Water Company offers customers with a 2" fire sprinkler meter are charged the equivalent of a 5/8" meter with a surcharge that brings them to the price of a 3/4" meter. Mr. McCarthy said that Santa Cruz customers are offered a bypass option for fire sprinkler service. Mr. McCarthy asked the Board to create a special class for residential fire sprinkler service that has the same pricing as if it did not require fire service.

Director Nishi commented that staff needs to look at the whole picture. He said that Mr. McCarthy's house is serving two units, the regular unit and the granny unit, and asked if a 5/8" meter could serve both houses. Mr. True answered that it probably couldn't. Director Nishi asked that staff look into the issue of 1" meters and multiple units and maybe for multiple units it is not the fire sprinkler service that is requiring the need for the 1" meter. Mr. McCarthy answered that he has two 1" meters, one for each unit. Director Nishi noted that the laterals are 5/8" and the meter is 1" and asked staff to make sure that it meets fire flow requirements.

Director Shriner thanked Mr. McCarthy for bringing it to the District's attention and for his research on this item.

12. Workshop:

A. Review Board Procedures Manual:

Vice President Burns commented that following the Strategic Planning Workshop where it was determined that the manual should be updated, he suggested that this be placed on hold until after the update is complete. The Board concurred.

13. Informational Items:

C. General Manager's Report:

Mr. Heitzman commented that the Coastal Permit was here and available for the public to review. He noted that Suresh Prasad recently left the District but was present to support James and Evelina. Mr. Heitzman commented that Rich Youngblood will be retiring from the District.

Agenda Item 13-A (continued):

Mr. Heitzman thanked the Board for their hard work at the Strategic Planning Workshop.

B. District Engineer's Report:

No report.

C. Counsel's Report:

No report.

D. Committee and Board Liaison Reports:

1. Water Conservation Commission:

President Lee commented that they wished Mr. Youngblood well in his retirement.

2. Joint City-District Committee:

President Lee commented that District staff showed up but the City staff did not so there was no quorum.

3. Budget and Personnel Committee:

No meeting.

4. MRWPCA Board Member:

Vice President Burns commented that they had a special meeting to discuss the budget and proposed rate increase of about 6%. He said that the Recycled Water Committee is looking for funding to help develop a replenishment project.

5. Special Districts Association Liaison:

President Lee commented that the meeting was boiler-plate.

6. LAFCO Liaison:

Mr. Nishi commented that nothing much was discussed it was mostly housekeeping.

7. JPIA Liaison:

Director Shriner commented that there was nothing new since May.

8. FORA:

Director Nishi said that there was a meeting on June 10th and the budget was continued until July.

9. CalDesal:

Mr. Heitzman commented that CalDesal will be meeting in Sacramento to talk with the State Water Resources Control Board.

10. Executive Committee:

No meeting was held.

11. Community Outreach:

Director Gustafson commented that the quarterly reports were sent out and there will be other newspaper articles soon.

12. Regional Desalination Reports:

Mr. Heitzman commented that the report was in the packet and they could be viewed online at regionalwaterproject.com. He added that the intent is to have all the reports available on the website for viewing. Director Nishi said that the Community Involvement Forum meeting for the Desal Project for June 15th was canceled.

President Lee commented that he would like to hold a special meeting on Thursday, June 16th at 5:30 p.m. to receive an investigative report. The Board concurred.

President Lee inquired about July 22 or 29 for the next Strategic Planning session. Director Shriner commented that she will have to ask to rearrange her schedule at work and would let everyone know the outcome.

E. Director's Comments:

Director Shriner asked why the Community Involvement Forum was canceled and asked who canceled it. Mr. Heitzman stated that California American Water put out a news release regarding the cancellation and it will probably be in the newspaper. He added that the District did not want the forum canceled. Mr. Heitzman said that the District believes it is important to be transparent and there are issues out there, good, bad or indifferent, the public needs to be informed.

Director Nishi would like an agenda item to discuss a procedure to ensure that the District can stop the cancellation of public forums.

Director Nishi asked to have an agenda item on the LAFCO Annexation. He voiced his concern that after working for the District for 33 years an employee gets a plaque the same size as an employee who worked for the District for 15 years.

Director Gustafson said that as a government employee in public works for 30 years he doesn't expect anything.

14. Adjournment:

The meeting was adjourned at 8:43 p.m.

APPROVED:

William Y. Lee, President

ATTEST:

Jim Heitzman, General Manager