

Marina Coast Water District
Agenda Transmittal

Agenda Item: 7-D

Meeting Date: October 11, 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 September 13, 2011

Detailed Description: The Board of Directors is requested to approve the attached draft minutes of September 13, 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 September 13, 2011.

Staff Recommendation: The Board of Directors approve the draft minutes of the September 13, 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
September 13, 2011
6:45 p.m.

Draft Minutes

1. Call to Order:

President Lee called the meeting to order at 6:45 p.m. on September 13, 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
Carl Niizawa, Deputy General Manager/District Engineer
Jean Premutati, Management Services Administrator
Kelly Cadiente, Director of Administrative Services
Thomas Barkhurst, Water Quality Chemist
Sean Knight, Assistant Engineer
Brian True, Capital Projects Manager
James Derbin, Interim Operations and Maintenance Superintendent
Patrick Breen, Capital Projects Manager
Gary Rogers, Associate Engineer
Ernest Pons, Customer Service Supervisor
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Andy Sterbenz, Schaaf & Wheeler
Richard Newhouse, Marina Resident
George Riley, Monterey Resident
Kate McKenna, Executive Officer, LAFCO
Denise Duffy, Denise Duffy & Associates
Jim Futchen, UCP East Garrison
Andrew Giacomelli, CSUMB Student
Haley McAnor, CSUMB Student

Scott Soares, CSUMB Student
Maryan Gonnerman, CSUMB Student

The Board entered into closed session at 6:45 p.m., after announcement per Government Code Section 54957.7(a).

3. Closed Session:

C. 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)

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

E. Pursuant to Government Code Section 54956.9
Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to Subdivision (b)
One Case

A letter dated June 21, 2011, from the Monterey County Board of Supervisors transmitted a “Summary of Preliminary Findings Regarding Director Stephen Collins’ Business Relationship With RMC Water and Environment and Marina Coast Water District.” The Summary, prepared by Remcho, Johansen & Purcell, LLP, states that certain conduct raises questions about the validity of contracts to which Marina Coast Water District is a party. Based on the statements in the Remcho Summary, and based on reports in the Monterey Herald this morning, a point has been reached where, in the opinion of the MCWD Board based on the advice of its legal counsel, there is a significant exposure to litigation against MCWD.

D. Pursuant to Government Code Section 54959.9
Conference with Legal Counsel – Anticipated Litigation
Potential Initiation of Litigation (c)
One Case

E. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation
Title: General Manager

The Board ended closed session at 7:36 p.m.

President Lee reconvened the meeting to open session at 7:43 p.m.

4. Possible Action on Closed 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 – the Board of Directors conferred with Legal Counsel, direction was given and no action was taken.

3-C – the Board of Directors conferred with Legal Counsel, direction was given and no action was taken.

3-D – the Board of Directors conferred with Legal Counsel, direction was given and no action was taken.

3-E – the Board will consider this item later in the meeting.

A. Consider Engaging Remy, Thomas, Moose & Manley:

Mr. Lowrey made a recommendation to the Board of Directors to engage Remy, Thomas, Moose & Manley to consult with Noland, Hamerly, Etienne, & Hoss, and Friedman, Dumas & Springwater in connection with the Ag Land Trust case. He noted that an attorney in the Remy, Thomas, Moose & Manley firm also provides counsel to the Monterey Regional Water Pollution Control Agency (MRWPCA) in connection with the proceeding of the Regional Desalination Project, so there will need to be a waiver of conflict to allow the other attorney to consult and advise the District on the Ag Land Trust matter. Mr. Lowrey stated that he is asking the Board to authorize the execution of an engagement contract and that the engagement not be completed until the labor letter is signed by both the District and the MRWPCA. Mr. Lowrey handed out copies of the engagement contract for public review.

Director Gustafson made a motion to engage Remy, Thomas, Moose & Manley. 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 Changing the Limited Waiver Approved July 29, 2011:

Mr. Lowrey commented that in connection with the ongoing investigations by the District Attorney and joint investigation by the FPPC, the Board took action on July 29th to authorize a limited waiver for disclosure of certain information to the District Attorney. Mr. Lowrey stated that the District Attorney has now requested certain materials, and he is recommending the Board modify the limited waiver by voting to authorize the President, in consultation with the District Counsel, to release to the District Attorney the certain materials requested.

Agenda Item 4-B (continued):

Director Gustafson made a motion to modify the limited waiver approved by the Board of Directors on July 29, 2011. 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			

5. Pledge of Allegiance

President Lee led everyone present in the pledge of allegiance.

6. Oral Communications:

None.

7. Presentation:

- A. Consider Adoption of Resolution No. 2011-64 in Recognition of Ernest Pons, Customer Service Supervisor, and Award a Plaque and Gift Certificate for 5 Years of Service to the Marina Coast Water District:

Director Nishi made a motion to adopt Resolution No. 2011-64 in recognition of Ernest Pons, Customer Service Supervisor, and Award a Plaque and Gift Certificate for 5 Years of Service to 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			

President Lee read the narration and presented Mr. Pons with a plaque and gift certificate.

8. Consent Calendar:

Director Shriner requested to pull items A, D, and E from the Consent Calendar.

Agenda Item 8 (continued):

Vice President Burns made a motion approve Consent Calendar consisting of items:

- B. Adopt Resolution No. 2011-66 to Accept the Infrastructure Improvements Installed Under a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement Between the Marina Coast Water District and Community Hospital Properties for the Community Hospital of the Monterey Peninsula Marina Campus
- C. Adopt Resolution No. 2011-67 to Approve a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement between the Marina Coast Water District and Union Community Partners East Garrison for Phase 1 and Phase 2 of East Garrison Development
- F. Approve the Draft Minutes of the Regular Board Meeting of August 9, 2011

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			

- A. Adopt Resolution No. 2011-65 to Approve a Correction to the Finance Department Reorganization:

Director Shriner asked for clarification on the Org Chart and how the Accounting staff reports to their supervisors.

Director Gustafson made a motion to approve the correction to the Finance Department reorganization. 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. Approve the Expenditures for the Month of August 2011:

Director Shriner questioned the work product and the invoices for RMC. She noted that there were May and July invoices and asked where the June invoice was. Ms. Kelly Cadiente, Director of Administrative Services, answered that the May invoice was for April and the July invoice was for May. She noted that RMC was delayed in sending the May invoice. Director Shriner asked what the work product was for the \$500,000 paid by the District and noted that the report provided in the packet was very slim. Mr. Jim Heitzman, General Manager, commented that the size of the report was no reflection on the amount of work RMC provided, but that they have been doing a lot of work on the Coastal Commission and the State Revolving Fund Applications.

Agenda Item 8-D (continued):

Vice President Burns suggested putting the entire RMC invoice in the Board packet next time so Director Shriner could see what work was performed.

Director Nishi inquired on the property taxes the District paid for the Armstrong Ranch, noting that it was his belief the District was exempt from paying property taxes. Ms. Cadiente answered that the District is exempt from paying property taxes unless the property was previously taxed. Director Nishi commented that he thought District facilities were exempt from taxes. Mr. Heitzman stated that he would get the exact information given to the District regarding the taxes and provide it to the Board.

Director Gustafson made a motion to approve the expenditures for the month of August 2011. 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			

E. Approve the Draft Minutes of the Special Board Meeting of July 29, 2011:

Director Shriner commented that she found the verbatim minutes to be a violation of the Board Procedures Manual and a frivolous expense of public funds.

Director Gustafson made a motion to approve the draft minutes of the special Board meeting of July 29, 2011. Vice President Burns seconded the motion. The motion was passed.

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

9. Action Items:

A. Consider Approving a Request for Qualifications to Provide Review of Documents Related to the District and Respond as Needed:

Mr. Heitzman introduced this item. Director Shriner asked how many people have submitted public records request and how many have been submitted. Mr. Heitzman answered that there are about six different people that have submitted requests and sometimes several come in each week. Vice President Burns commented that the Budget and Personnel Committee has asked for a report of the public records requests and the cost to the District to be provided at their next meeting.

Agenda Item 9-A (continued):

Vice President Burns made a motion to approve a Request for Qualifications to provide review of documents related to the District and respond as needed. 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. Provide Direction for District Public Outreach:

Mr. Carl Niizawa, Deputy General Manager/District Engineer, introduced this item. Mr. Heitzman commented that staff is asking for an Ad Hoc Committee to be formed to discuss which direction the District should go in regarding this item.

Director Gustafson commented that he would serve on the Committee. Director Shriner commented that she would be interested in being a part of the Committee and noted that there is a pending proposal to film the meetings and that the website has had some work done to provide more information. She added that the District should give the public what they want which is more information in a variety of ways accessible to them.

C. Review the Draft Proposed Project Description for Annexation of the Ord Community and Approve Resolution No. 2011-68 Directing Staff to Initiate the CEQA Process and Prepare a Draft LAFCO Application for Future Consideration:

Mr. Niizawa introduced this item and gave a presentation on the background of the proposed annexation.

Director Gustafson commented that there was an agreement signed many years ago between the District and the City of Marina that stated if the City were to annex the District, it would go to an election of the people. Director Shriner commented that she would be interested in seeing the document referred to by Director Gustafson.

Director Shriner asked for clarification on the service area versus jurisdictional area. Ms. Denise Duffy, Denise Duffy & Associates, explained that the difference between LAFCO's urban service area and the District's service connection area. Director Shriner asked why the District isn't considering "Districting". Mr. Lowrey stated that "Districting" requires preclearance with the Federal Government's Department of Justice and is very difficult.

Director Nishi suggested the District include all of the Fort Ord property in the annexation and leave it up to LAFCO to cut back the area to be annexed. Ms. Duffy stated that this option is only a conceptual draft and they can add another alternative to the annexation.

Agenda Item 9-C (continued):

Director Shriner asked if the CEQA process was for all the alternatives. Mr. Niizawa answered that CEQA requires the District to look at all the options.

Director Nishi made a motion to approve Resolution No. 2011-68 directing staff to initiate the CEQA process and prepare a draft LAFCO application for future consideration to include all the Fort Ord property. Vice President Burns seconded the motion. Mr. George Riley, Monterey resident, asked for clarification of the Governance structure. Mr. Lowrey commented that the recommendation is that after annexation, the District is governed by a Board of five Directors elected at large throughout the entire service area. 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. 2011-69 to Approve a Contract Amendment for Denise Duffy & Associates for Planning and Environmental Services for Marina Coast Water District's Ord Community Annexation:

Mr. Niizawa introduced this item.

Director Nishi made a motion to adopt Resolution No. 2011-69 to approve a contract amendment for Denise Duffy & Associates for planning and environmental services for Marina Coast Water District's Ord Community Annexation. 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			

E. Consider Adoption of Resolution No. 2011-70 to Approve an Agreement of Purchase and Sale with the Union Community Partners-East Garrison, LLC for the Construction of Watkins Gate Well and Pipeline:

Mr. Gary Rogers, Associate Engineer, introduced this item. Director Nishi asked for clarification on the proposed Reservation Road intersection. Mr. Rogers commented that there was a proposed "T" intersection for the well site.

Director Shriner commented on the language of the Agreement and questioned what risks there were for the property being listed "as-is". Mr. Rogers commented that the language was standard agreement language and there were no risks that staff foresees. Director Shriner inquired on the price of \$100. Mr. Rogers answered that it was due to good will between the two entities.

Agenda Item 9-E (continued):

Director Gustafson made a motion to adopt Resolution No. 2011-70 to approve an Agreement of Purchase and Sale with the Union Community Partners-East Garrison, LLC for the construction of Watkins Gate Well and pipeline. 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			

F. Consider Adoption of Resolution No. 2011-71 to Approve a Professional Services Agreement for Geotechnical Consulting Services with Earth Systems Pacific for the Eastern Distribution System Project:

Mr. Rogers introduced this item. Director Shriner asked why this didn't go out to bid. Mr. Niizawa commented that, accordingly to State Law, Professional Service Agreements for engineers or architects are required to be selected by qualifications, and as this project is under a State Grant, the District is required to follow that process.

Director Gustafson made a motion to adopt Resolution No. 2011-71 to approve a Professional Services Agreement for Geotechnical Consulting Services with Earth Systems Pacific for the Eastern Distribution System Project. 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. 2011-72 to Approve a Construction Contract with The Don Chapin Company, Inc. for the Construction of the Watkins Gate Well and Pipeline Project:

Mr. Rogers introduced this item. Director Shriner voiced her approval of this contract as it was the lowest bid, a local contractor, and there was a not-to-exceed amount.

Director Nishi asked if the Watkins Gate site area has ever flooded. Mr. Gary Rogers commented that all record have indicated it is outside the 100 year flood zone area. Director Nishi asked what was being done to mitigate the issue. Mr. Rogers commented that the investigation performed by consultants and staff showed there was no threat. Director Nishi stated that he was still concerned. Mr. Rogers commented that the emergency generator and the well are to be located several feet above the existing ground.

Agenda Item 9-G (continued):

Vice President Burns asked who was drilling the well and how. Mr. Rogers answered that it was Maggiora Bros. and they were using reverse rotary. Vice President Burns noted that the District was able to save \$1 million on this project.

Director Gustafson made a motion to adopt Resolution No. 2011-72 to approve a construction contract with The Don Chapin Company, Inc. for the construction of the Watkins Gate Well and Pipeline Project. 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			

H. Consider Adoption of Resolution No. 2011-73 to Authorize Staff to Issue a Request for Proposal for Professional Services Related to Real Estate Services for District Owned Property at Imjin Office Park:

Mr. Patrick Breen, Capital Projects Manager, introduced this item. Vice President Burns asked if the part of the building not occupied by FORA was a shell and who would have to build it into offices. Mr. Breen answered that if the District hires someone to oversee the building lease, perhaps they could build construction costs into the lease.

Director Shriner inquired why the District built the building and why they haven't moved the District's main offices into the building. Director Nishi said that the District can't move the office to the new building until the area is annexed into the District's jurisdiction. Director Shriner noted that there was a recent Attorney General opinion that concludes a water district may hold its meetings at the principal office of the water district if the principal office is located outside the jurisdiction. Vice President Burns asked if that is what the District does when it meets at FORA for the joint Board meetings. Mr. Lowrey answered that the District can always meet outside the jurisdiction if the business concerns the area they are in.

Director Nishi questioned what the District was going to ask for in the proposal. Mr. Breen answered that typically Real Estate Services charge a percentage of the lease and staff is still developing the RFP.

Director Shriner made a motion to adopt Resolution No. 2011-73 to authorize staff to issue a Request for Proposal for Professional Services related to Real Estate Services for District owned property at Imjin Office Park and investigate the possibility of having the principal office being within the service area and moving to that building. Vice President Burns seconded the motion. Director Nishi asked Director Shriner to repeat her motion.

Agenda Item 9-H (continued):

Director Shriner stated that she made a motion to adopt Resolution No. 2011-73 to authorize staff to issue a Request for Proposal for Professional Services related to Real Estate Services for District owned property at Imjin Office Park and at the same time, investigate the possibility of having the Marina Coast Water District principal office moved to that area as part of the service area and investigate the law and opinions of the Attorney General. Director Nishi asked if Legal Counsel had a problem with the motion. Mr. Lowrey stated that he did not. He said that a motion was made with an amendment to the Resolution. Mr. Heitzman commented that the motion asked staff to make a review of a legal opinion and that was not their expertise. Mr. Lowrey asked that Director Shriner amend her motion to include Legal Counsel reviewing the question. Director Shriner amended her motion to include Legal Counsel's review of moving the principal office outside the jurisdictional boundary. The motion was passed.

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

I. Consider Adoption of Resolution No. 2011-74 to Approve Obtaining Permanent Easements from the Federal Government for Recycled Water Pipelines:

Mr. Brian True, Capital Projects Manager, introduced this item. Vice President Burns asked what easements are still out there that the District needs for the Regional Urban Water Augmentation Project. Mr. True answered that there are arrangements still to be made with CSUMB and there will be some encroachment work with the City of Marina. Director Nishi asked if they were talking about the Federal Government or CSUMB. Mr. True answered that they were talking about the Federal Government. Director Nishi stated that they should only be discussing what is on the agenda item. He suggested having staff make a list of things the District needs and things that the jurisdictions need and then negotiate with them so the District doesn't have to pay for anything.

Director Shriner made a motion to adopt Resolution No. 2011-74 to approve obtaining permanent easements from the Federal Government for recycled water pipelines. 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			

J. Consider Adoption of Resolution No. 2011-56 to Amend the Board Procedures Manual:

Director Shriner commented that according to the verbatim minutes from the Special Board meeting, Page 1, Section 5 – Harassment, of the Board Procedures Manual (BPM) was vastly different from the suggestion Mr. Ives made.

Agenda Item 9-J (continued):

Mr. Heitzman answered that Legal Counsel suggested the change.

Director Shriner commented that according to the minutes, Legal Counsel asked for an Appendix with 98-1 to be added and asked if they were going to be added to the BMP. Mr. Lowrey answered that it was up to the Board to decide.

Director Shriner stated that she had asked for a waiting period to be added regarding a response time to questions that are asked. She noted that there were other changes made to the question section, but not a 5 or 10 day waiting period. Director Shriner stated that she would like to suggest adding a 5 or 10 day waiting period and a submittal form to Section 16 of the BPM. Director Shriner commented that if the Board agrees that there are more changes to make and want to bring this item back at a later time, she is agreeable to that.

President Lee made a motion to table this item and bring it back when it is ready for approval.

Director Nishi made a motion to adopt Resolution No. 2011-56 to Amend the Board Procedures Manual. Director Gustafson seconded the motion. The motion failed.

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

Director Shriner asked if the substitute motion fails, does it go back to the original motion, or would they just let the subject drop and not do anything about it. President Lee commented that he didn't feel all the information asked for from the attorneys was in the BMP and it wasn't ready for approval. Director Nishi said that he thought the suggested changes provided were a direct result of the special meeting and they should modify the BMP with the suggested changes. He added that if there are more changes, they can bring it back at a later date.

President Lee asked what options were before the Board. Mr. Lowrey answered that the substitute motion failed, but the original motion to table the item was still on the floor, or the person who made the motion can withdraw it.

President Lee stated that he would like to withdraw his motion. Mr. Lowrey stated that they could consider other motions except one to approve the BPM as presented since that one failed. He said to reconsider the failed motion it would have to be done at the next Board meeting.

Director Nishi made a motion to adopt Resolution No. 2011-56 to amend the Board Procedures Manual with the addition of an Appendix of 98-1. Director Gustafson seconded the motion. Vice President Burns asked how they could adopt something they haven't seen. He added that he had asked to have something on disciplinary action clearly defined in the BPM.

Agenda Item 9-J (continued):

Director Nishi said that this is just a first step in getting the BPM where they want it.

Director Nishi called for the question. Director Shriner asked if they would vote on the Call for the Question and then if passed, vote on the substitute motion. Mr. Lowrey stated that the Board is guided by, but not bound by, Roberts Rules of Order. He said that they could vote on the Call for the Question, but traditionally they have not done it that way.

President Lee asked for a vote on the Call for the Question.

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

The Call for the Question was passed.

The substitute motion made by Director Nishi to adopt Resolution No. 2011-56 to amend the Board Procedures Manual with the addition of an Appendix of 98-1 was passed.

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

10. Staff Reports:

- A. Update on the Status of the Water Loan to Monterey Peninsula Water Management District:

Mr. True introduced this item and gave a brief update on the water loan to the Monterey Peninsula Water Management District.

- B. Receive an Update on the District Audit Commissioned by the FORA Board:

Ms. Cadiente gave a brief update on the results of the audit commissioned by the FORA Board which stated the 4.9% rate increase is warranted.

Vice President Burns asked who will give the presentation at the joint FORA Board meeting. Ms. Cadiente answered that the auditor would give the presentation. Director Shriner asked if the District would be getting a management letter from the auditor. Ms. Cadiente answered that if there was a management letter, it would be sent to FORA. Director Nishi stated that FORA didn't request a management letter.

11. Informational Items:

A. General Manager's Report:

No report.

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 stated that it was boiler-plate and the minutes were in the packet.

2. Joint City-District Committee:

Director Gustafson commented that it was a general meeting.

3. Budget and Personnel Committee:

Vice President Burns stated that the minutes were in the packet.

4. Executive Committee:

Mr. Heitzman commented that they met and they went over things. President Lee said the minutes were in the packet.

5. Community Outreach:

Director Gustafson commented that they may hire a public outreach firm.

6. MRWPCA Board Member:

Director Nishi commented that the meeting was boiler-plate.

7. FORA

Director Nishi said everyone was there.

8. LAFCO Liaison:

Director Nishi stated that the meeting was boiler-plate.

9. JPIA Liaison:

Director Shriner commented that there is an ACWA Conference in Sal Luis Obispo on September 18th and 19th.

10. Special Districts Association Liaison

Director Gustafson commented that the next meeting was coming up.

11. CalDesal:

Vice President Burns commented that there was a meeting coming up in Sacramento and CalDesal staff is meeting with the SWRCB.

12. Regional Desalination Reports:

President Lee commented that the report was in the packet.

12. Director's Comments:

Director Shriner commented that she was hoping to add to the BPM, training for Directors on District policies. She passed out sample lists to the Board members. Director Shriner stated that she would like to find out more on where the District is with their policies as they are growing from a small district to a mid-sized water district.

Director Nishi commented that he would like to use the committees on the outreach item. He suggested the Ad Hoc Committee use the Community Outreach Committee on the public outreach item.

Director Nishi stated that he has been pushing the City of Marina on their non-compliance of their own rules regarding the Teen Center. He stated that he had concerns the District was doing the same thing with the District's Ord office building by installing a landscape plan that doesn't comply with the District's standards. Director Nishi suggested putting it on the agenda as a priority to require staff to comply with District regulations.

Director Nishi said that things are moving in a positive way and hopefully the District will get water to the Peninsula, and not at the price they may have to pay for all the small projects that are being suggested. He said the District could deliver water at a cheaper price.

Regular Board Meeting
September 13, 2011
Page 16 of 16

President Lee recessed the meeting from 9:21 until 9:25 p.m.

The Board returned to Closed Session to discuss item 3-E per Government Code Section 54957.7(a).

E. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation
Title: General Manager

The Board ended closed session and returned to Open Session at 9:28 p.m.

4. Possible Action on Closed Session Items:

No action was taken in Closed Session.

14. Adjournment:

The meeting was adjourned at 9:29 p.m.

APPROVED:

Dan Burns, Vice President

ATTEST:

Jim Heitzman, General Manager