



# MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: [www.mcwd.org](http://www.mcwd.org)

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## DIRECTORS

JAN SHRINER  
*President*

THOMAS P. MOORE  
*Vice President*

HERBERT CORTEZ  
GAIL MORTON  
MATT ZEFFERMAN

## Agenda

**Special Board Meeting, Board of Directors  
Marina Coast Water District  
and**

**Special Board Meeting, Board of Directors  
Marina Coast Water District Groundwater Sustainability Agency**

Monday, August 2, 2021, 6:30 p.m. PST

Due to Governor Newsom's Executive Order N-29-20 and recommendations on protocols to contain the spread of COVID-19, staff and Board members will be attending the August 2, 2021 meeting remotely from various locations and the meeting will be held via Zoom conference. There will be NO physical location of the meeting. The public is strongly encouraged to use the Zoom app for best reception.

There may be limited opportunity to provide verbal comments during the meeting. Persons who are participating via telephone will need to press \*9 to be acknowledged for comments. Members of the public participating by Zoom will be placed on mute during the proceedings and will be acknowledged only when public comment is allowed, after requesting and receiving recognition from the Board President. Public comment can also be submitted in writing to Paula Riso at [priso@mcwd.org](mailto:priso@mcwd.org) by 9:00 am on Monday, August 2, 2021; such comments will be distributed to the MCWD Board before the meeting.

This meeting may be accessed remotely using the following Zoom link:

<https://us02web.zoom.us/j/88071673482?pwd=ME5MWWt4VjU2c3M4UUhsaVcyNGFPZz09>

Passcode: 725933

To participate via phone: 1-669-900-9128; Meeting ID: 880 7167 3482 Passcode: 725933

***Our Mission:*** We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.

**1. Call to Order**

**2. Roll Call**

**3. Pledge of Allegiance**

**4. Oral Communications** *Anyone wishing to address the Board on matters not appearing on the Agenda may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the District offices at 11 Reservation Road, Marina. The agenda shall also be posted at the following locations, but those locations are not official agenda posting locations for purposes of section 54954.2(a)(1): City of Marina Council Chambers. A complete Board packet containing all enclosures and staff materials will be available for public review on the District website, Thursday, July 29, 2021. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5910

## 5. Presentation

- A. Receive a Presentation from Liberty Utilities on Their Proposed Brackish Desalination Project

**6. Action Item** *The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board on these Items as each item is reviewed by the Board. Please limit your comment to four minutes.*

- A. Adopt Resolution No. 2021-43 to Approve a Contract with the Pun Group to Provide Audit Services to the District

**7. Public Comment on Closed Session Items** *Anyone wishing to address the Board on matters appearing on Closed Session may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

## 8. Closed Session

- A. Pursuant to Government Code 54956.9  
Conference with Legal Counsel – Existing Litigation

- 1) Bay View Community DE, LLC; Bryan Taylor; Greg Carter; and Brooke Bilyeu vs Marina Coast Water District; Board of Directors of Marina Coast Water District; County of Monterey and Does 1-25, inclusive, Monterey County Superior Court Case No. 18CV000765 (Petition for Writ of Mandate or Administrative Mandate, and Complaint for Declaratory and Injunctive Relief and Breach of Contract)
- 2) California-American Water Company, Real Party in Interest vs Marina Coast Water District, Court of Appeal, Sixth Appellate District Case No. (to be assigned; Cal-Am filed Notice of Appeal on May 25, 2021) (CalAm's appeal of decision by Trial Court in MCWD's favor in MCWD's Monterey County Superior Court Case No. 19CV003305 (Petition for Writ of Mandate and Complaint for Injunctive Relief))

- B. Pursuant to Government Code 54956.8  
Conference with Real Property Negotiator  
Property: Approximately 450AF of Recycled Water  
Negotiating Parties: City of Seaside and MCWD Negotiators (to be determined)  
Under Negotiation: Price and Terms

- B. Pursuant to Government Code 54957  
Public Employee Performance Evaluation  
Title: General Manager

**9. Reportable Actions Taken During Closed Session** *The Board will announce any reportable action taken during closed session and the vote or abstention on that action of every director present, and may take additional action in open session as appropriate. Any closed session items not completed may be continued to after the end of all open session items.*

## 10. Board Member Requests for Future Agenda Items

**11. Director's Comments** *Director reports on meetings with other agencies, organizations and individuals on behalf of the District and on official District matters.*

**12. Adjournment** *Set or Announce Next Meeting(s), date(s), time(s), and location(s):*

*Special Legal Meeting: Monday, August 14, 2021, 9:00 a.m.*

*Regular Meeting: Monday, August 16, 2021, 6:30 p.m.*

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 5-A

Meeting Date: August 2, 2021

Prepared By: Paula Riso

Approved By: Remleh Scherzinger



Agenda Title: Receive a Presentation from Liberty Utilities on Their Proposed Brackish Desalination Project

Staff Recommendation: The Board of Directors receive a presentation from Kim Adamson, Liberty Utilities on their proposed Brackish Desalination Project.

Background: *Strategic Plan Mission Statement – We provide our customers with high quality water, wastewater collection and conservation services at a reasonable cost, through planning, management and the development of water resources in an environmentally sensitive manner.*

Discussion/Analysis: Ms. Adamson will give a brief presentation on their proposed Brackish Desalination Project.

Environmental Review Compliance: None required.

Other Considerations: None.

Material Included for Information/Consideration: None.

Action Required:     \_\_\_\_\_Resolution     \_\_\_\_\_Motion     \_\_\_X\_\_\_Review

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Board Action

Motion By \_\_\_\_\_ Seconded By \_\_\_\_\_ No Action Taken \_\_\_\_\_

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 6-A

Meeting Date: August 2, 2021

Prepared By: Kelly Cadiente

Approved By: Remleh Scherzinger 

Agenda Title: Adopt Resolution No. 2021-43 to Approve a Contract with the Pun Group to Provide Audit Services to the District

Staff Recommendation: Adoption of Resolution No. 2021-43 to approve a contract with The Pun Group to provide audit services to the District for Fiscal Year 2020-2021 with an option to renew for two additional years; and authorizing the General Manager to execute all necessary documents as may be necessary.

Background: *Strategic Plan Strategic Element 3.4 – Close and audit financial statements in a timely manner.*

California Government Code Section 26909 requires the County Auditor to either make or contract with a certified public accountant or public accountant to perform an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided unless an audit by a certified public accountant has been arranged by the District.

On June 15, 2015, the Board adopted Resolution No. 2015-28 approving a 3-year contract with the Pun Group for a not-to-exceed amount of \$24,000 per year to provide annual audit services to the District. Due to the prolonged settlement of litigation regarding the District's Regional Desalination Project (RDP), the Pun Group's contract with the District was extended for Fiscal Years 2017-2018, 2018-2019, and 2019-2020. Having been the audit firm for the District for the past several years, the Pun Group had extensive knowledge and background with regards to the RDP and therefore was best suited to provide audit services to the District at that time.

Discussion/Analysis: With the settlement of the RDP litigation completed on March 10, 2021, District staff issued a Request for Proposals (RFP) for audit services on May 24, 2021, with a proposal due date of June 10, 2021. Nine (9) proposals were received and evaluated by staff. The top three (3) ranked proposals were reviewed by the General Manager and the Pun Group was determined to be the top choice. The proposals were evaluated based on the following criteria:

- Experience, qualifications, and recommendations
- Economics and value
- Locale of proposer
- Quality of proposal

Government Code section 12410.6 (b) indicates that commencing with the 2013-2014 fiscal year, a local agency shall not employ a public accounting firm to provide the agency audit services if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner for reviewing the audit, has performed the audit services for that local agency for six consecutive years. Furthermore, for purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time the firm was employed by that local agency prior to the 2013-2014 fiscal year. The District complies with this code with the selection of the

Pun Group since the Engagement Partner who submitted the proposal and who was also the Engagement Partner of the FY 2019-2020 audit has changed from the previous contract.

Environmental Review Compliance: None required.

Financial Impact:  Yes  No Funding Source/Recap: Services performed will be funded through FY 2021/2022 Operating Budget of the Central Marina and Ord Community cost centers.

Material Included for Information/Consideration: Resolution No. 2021-43; Attachment A - Evaluation Matrix; and Attachment B - Professional Services Agreement with the Pun Group.

Action Required:  Resolution  Motion  Review  
(Roll call vote is required.)

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Resolution No _____	Motion By _____	Board Action	Seconded By _____
Ayes _____		Abstained _____	
Noes _____		Absent _____	

August 2, 2021

Resolution No. 2021-43  
Resolution of the Board of Directors  
Marina Coast Water District

Approve a 1-Year Contract with the Pun Group to Provide Annual Audit Services to the District for FY 2020/2021 with an option to renew for FY 2021/2021, and FY 2022/2023

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a special meeting duly called and held on August 2, 2021, via videoconference pursuant to Gov. Newsom’s Executive Order N-29-20, as follows:

WHEREAS, the California Government Code Section 26909 requires the County Auditor to either make or contract with a certified public accountant or public accountant to perform an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided unless an audit by a certified public accountant has been arranged by the District; and,

WHEREAS, staff issued a Request for Proposals (RFP) with a proposal due date of June 10, 2021, and received nine (9) proposals; and,

WHEREAS, the proposals were reviewed by staff and the General Manager and determined that the Pun Group was the top choice; and,

WHEREAS, the California Government Code section 12410.6 (b) indicates that commencing with the 2013-2014 fiscal year, a local agency shall not employ a public accounting firm to provide the agency audit services if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner for reviewing the audit, has performed the audit services for that local agency for six consecutive years; and,

WHEREAS, the District complies with this code with the selection of the Pun Group since the Engagement Partner who submitted the proposal and who was also the Engagement Partner of the FY 2019-2020 audit has changed from the previous contract.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby:

1. adopt Resolution No. 2021-43, to approve a 1-year contract with The Pun Group for a not-to-exceed amount of \$24,000 and an option to renew for FY 2021-2022, and FY 2022-2023 to provide annual audit services to the District; and,
2. authorizes the General Manager to take all actions and execute all documents as may be necessary or appropriate to give effect to this resolution.

PASSED AND ADOPTED on August 2, 2021, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Jan Shriner, President

ATTEST:

\_\_\_\_\_  
Remleh Scherzinger, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true, and correct copy of Resolution No. 2021-43 adopted August 2, 2021.

\_\_\_\_\_  
Remleh Scherzinger, Secretary

# Attachment A

MARINA COAST WATER DISTRICT  
 Audit Services Proposals  
 Proposal Summary Matrix  
 July 12, 2021

Provider	Experience/ Qualifications	# of Staff	Value	Locale	Staff Ranking of Proposals	Comments/References
Brown Armstrong CPAs	Audit Team combined experience = 58years	3+	F/S Audit = \$22,825/year. Single Audit = \$3,010/year. Average hourly rate = \$103.75	Bakersfield	3	Based on 220 hours. Proposal includes 8-10 water district clients. Positive recommendation from reference.
Fedak & Brown LLP	Audit Team combined experience = 87+years	3+	F/S Audit = (1)\$21,500, (2)\$22,010, (3)\$22,540. Single Audit = (1)\$4,600, (2)\$4,800, (3)\$5,000. Average hourly rate = (1)\$107.50, (2)\$110.05, (3)\$113.20	Cypress	2	Based on 200 hours. Over 40 water district clients (including former clients). Positive recommendation from reference (local) who has been with Fedak & Brown for 7 years and counting.
The Pun Group, LLP	Audit Team combined experience = 128+years	6+	F/S Audit = (1)\$24,000, (2)\$24,720, (3)\$25,462. Single Audit = (1)\$4,000, (2)\$4,120, (3)\$4,244. Average hourly rate = (1)\$107.14, (2)\$110.36, (3)\$113.67	Walnut Creek	1	Based on 240 hours. Proposal includes 22 water district clients. Positive recommendation from reference who has been with the Pun Group since 2013.



Consultant agrees with the Marina Coast Water District that:

1. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, or authorized volunteers from all claims and demands of all persons that arise out of, pertain to, or relate to the Consultant's negligence, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the work under this agreement. Consultant shall defend itself against any and all liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of Consultant's performance or non-performance of the work hereunder, and shall not tender such claims to District nor to its directors, officers, employees, or authorized volunteers, for defense or indemnity.

2. Other than in the performance of professional services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, and authorized volunteers from all claims and demands of all persons arising out of the performance of the work; including but not limited to claims by the Consultant or Consultant's employees for damages to persons or property except for the sole negligence or willful misconduct or active negligence of the Marina Coast Water District, its directors, officers, employees, or authorized volunteers.

3. By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Consultant will comply with such provisions before commencing the performance of the professional services under this Agreement. Consultant will keep workers' compensation insurance for their employees in effect during all work covered by this Agreement and shall file with the Marina Coast Water District the certificate required by Labor Code Section 3700.

4. This paragraph is part of the contract. Yes or No (Circle One) [This section applies in most cases except for laboratory work.] Consultant will file with the Marina Coast Water District, before beginning professional services, a certificate of insurance satisfactory to the District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to the Marina Coast Water District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A:VII, or equivalent, or as otherwise approved by the District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least Three years after the completion of the contract work. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

5. This paragraph is part of the contract. Yes or No (Circle One) Consultant will file with the Marina Coast Water District before beginning professional services, certificates of insurance satisfactory to the Marina Coast Water District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to the Marina Coast Water District. The general liability coverage

is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by the Marina Coast Water District, its officers, directors, employees, or authorized volunteers shall not contribute to it". The general liability insurance shall give Marina Coast Water District, its officers, directors, employees and its authorized representatives and volunteers insured status using ISO endorsement CG2010, CG2033 or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII or as otherwise approved by the Marina Coast Water District.

6. If any of the required coverages expire during the term of this agreement, the Consultant shall deliver the renewal certificate(s) to the District at least ten (10) days prior to the expiration date.

7. Consultant shall not accept direction or orders from any person other than the General Manager or his designee or from the Board of Directors.

8. The terms of this agreement shall commence on August 2, 2021 and continue in full force unless terminated by a 15-day written notice by either party to the other.

9. Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion be approved in advance, in writing by a supplemental agreement by the Marina Coast Water District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.

## Attachment A – Scope of Services

The following are the Scope of Services of the Agreement:

- Perform an audit of the District's financial statements in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants and per "Minimum Audit Requirements and Reporting Guidelines for California Special Districts" as required by the State of Controller's Office.
- Prepare an audit report of the District's financial statements which will be prepared by the District with assistance and recommendations from the selected external auditor.
  - Examples of suggested changes or additions to footnote disclosure will be provided by the selected external auditor.
  - The audit report shall include at least the auditor's comments on the study and evaluation of the internal control structure of the District. It must identify the organization's significant internal accounting controls. This report must identify the controls not evaluated, and any material weaknesses identified as a result of the evaluation.
  - The audit report must contain any other applicable requirements of law under the Governmental Accounting Standards Board.
  - Before the submission of the final report, the audit firm's staff will be required to review the draft report and management letter with the District staff.
- Prepare a management letter that includes a statement of audit findings (any reportable conditions found during the audit) and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, the legality of actions, and any instances of non-compliance with laws and regulations and any other material matters. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report the financial data consistent with the assertions of management in the financial statements.
- If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the District's General Manager and the Board.
- If required, prepare and forward to the State Controller's Office the Annual Report of Financial Transactions of Special Districts according to Government Code Section 53891.
- If required, prepare a Single Audit Report.

- Attend District Board of Directors meeting when the audited financial statements are presented to the Board.