

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
November 23, 2004
7:00 p.m.

Minutes

1. Call to Order:

President Scholl called the meeting to order at 7:00 p.m. on November 23, 2004.

Board Members Present:

Charles Scholl – President
Tom Moore – Vice-President
Ken Nishi
Dan O'Brien

Board Members Absent:

David Brown

Staff Members Present:

Mike Armstrong, General Manager
Lloyd Lowrey, Legal Counsel
Marc Lucca, District Engineer
Suresh Prasad, ASO Finance and Technology
Connie Chavoya, ASO Administration and Personnel
Paula Carina, Executive Assistant/Board Clerk

Audience:

Bob Schaffer, Marina Community Partners
Howard Gustafson
Mike Lopez
Doug Yount, City of Marina
Simon Whitmey, Marina Community Partners
Justina Walsh
Michael Shaw
Debra Daniels
Brett Miller, Moss, Levy & Hartzheim
Keith Israel, MRWPCA

2. Oral Communications:

None.

3. Presentations:

- A. Consider Adoption of Resolution No. 2004-63 in Recognition of Suresh Prasad, ASO Finance and Technology, and Awarding a Plaque and Gift Certificate for 5 Years of Service to MCWD:

Mr. Mike Armstrong, General Manager, read the narration.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board adopt Resolution No. 2004-63 recognizing Mr. Prasad for 5 years of service to MCWD and awarding him a plaque and gift certificate. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Absent	President Scholl	-	Yes
Director Nishi	-	Yes			

- B. Receive a Presentation from the Marina University Villages Project Team:

Mr. Doug Yount, City of Marina, introduced this item and Mr. Simon Whitmey, Marina Community Partners. Mr. Whitmey explained the University Villages Team wanted to give a brief outline of the vision of the University Villages Project and to explain the water conservation techniques planned for use in the residential areas of the University Villages. A ten-minute video was played showing the University Villages project concept and layout.

Mr. Whitmey explained that the project will use the best management practices recognized by the District's Water Conservation Department. He explained that they will use hot water recirculation systems, high efficiency washing machines and that there will not be any lawn turf in the front yards of the homes.

Director Nishi asked what would be done with storm water runoff. Mr. Whitmey stated that all storm water runoff would stay within the project to be percolated into the ground. Director Nishi asked if there were any plans to use recycled water. Mr. Whitmey answered that they are complying with District requirements and laying purple pipe in the ground in preparation for when recycled water is available. Vice-President Moore asked if the development team has examined the possibility of using cisterns to capture rainwater. Mr. Whitmey stated that cisterns are not cost efficient, but the project not ruled them out. President Scholl thanked Mr. Whitmey for the very informative presentation and encouraged the developers to continue to work with the District's Conservation Department.

4. Action Items:

A. Consider Appeal from Bay View Mobile Home Park:

President Scholl stated this item was pulled from the agenda at the request of the Bay View Mobile Home Park.

B. Consider Accepting the FY 2003/2004 Audit Report:

Mr. Prasad introduced this item and Mr. Brett Miller, Moss, Levy, and Hartzheim. Mr. Miller explained GASB 34. He explained that smaller agencies don't always follow GASB 34 but it is now a requirement. Mr. Miller added that all financial numbers were correct and they found no anomalies during the audit.

Director Nishi asked where in the audit the funds owed from CSUMB are listed. Mr. Prasad stated that until negotiations are complete, CSUMB funds cannot be placed in District revenue. Director Nishi asked if the document shows that there are ongoing negotiations with CSUMB. Mr. Miller stated that there is no contingency showing the expected revenue. Director Nishi inquired on the backflow program. Mr. Prasad stated that the program is being utilized and has approximately one year of information available. Director Nishi voiced his concern that the program was not being utilized correctly.

Mr. Miller added that the District should keep a close eye on the petty cash and credit card transactions and in conclusion, the District is run very well.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board accept the audit as presented. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Absent	President Scholl	-	Yes
Director Nishi	-	No			

C. Consider Adoption of Resolution No. 2004-64 to Approve Acquiring a Loan for the Unfunded Liability Payment to the California Public Employees Retirement System (CalPERS):

Mr. Prasad introduced this item. Vice-President Moore asked why Option C was preferable to Option D. Mr. Prasad stated that Option C was more cost effective with a lower interest rate. Director Nishi asked if the District was tax exempt. Mr. Prasad answered that the District did not qualify to be tax exempt for this loan. Director Nishi stated that he would like to see more than one quote. Mr. Prasad stated that the District requested a quote from Wells Fargo, but they were not responsive.

Agenda Item 4-C (continued):

Vice-President Moore suggested paying for the unfunded liability from the LAIF account while continuing to look for a loan. Mr. Armstrong suggested a more complete analysis of the District's debt situation and reserves. Director Nishi suggested borrowing half of the funds needed. President Scholl agreed a comparison is needed before selecting a lending agency.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board pay the unfunded liability to CalPERS from the LAIF reserve fund account and bring loan offers back to the Board within two months. Director Nishi stated the payment shouldn't be made until December 11, 2004.

Vice-President Moore amended his motion to make the payment on the date CalPERS requests payment to be made. Director O'Brien seconded the amendment to the motion. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Absent	President Scholl	-	Yes
Director Nishi	-	Yes			

5. Consent Calendar:

Director Nishi requested to pull item A (Consider Adoption of Resolution No. 2004-65 to Approve the Koff & Associates Study Recommendations to Revise Job Descriptions and Position Titles; Create Two Proposed O&M Systems Operator Grade III Positions; and, Revise the District Salary Schedule) from the consent calendar.

On motion by Vice-President Moore, seconded by Director O'Brien; the Board approve the consent calendar consisting of items B) Consider Adoption of Resolution No. 2004-66 to Authorize the Design Phase for the East Garrison Zone "B" Reservoir Project; C) Receive the Quarterly Financial Statements for July 1, 2004 – September 30, 2004; D) Consider Approving Expenditures for the Month of October 2004; E) Consider Approval of the Draft Minutes of the Regular Board Meeting of October 13, 2004; and, F) Consider Approval of the Draft Minutes of the Regular Board Meeting of October 27, 2004. The motion was passed.

Director O'Brien	-	Yes	Vice-President Moore	-	Yes
Director Brown	-	Absent	President Scholl	-	Yes
Director Nishi	-	Yes			

- A. Consider Adoption of Resolution No. 2004-65 to Approve the Koff & Associates Study Recommendations to Revise Job Descriptions and Position Titles; Create Two Proposed O&M Systems Operator Grade III Positions; and, Revise the District Salary Schedule:

Director Nishi stated that all Directors should have received a copy of the complete Koff & Associates study.

On motion by Vice-President Moore, seconded by President Scholl; the Board adopt Resolution No. 2004-65 to approve the Koff & Associates Study recommendations to revise job descriptions and position titles; create two proposed O&M Systems Operator Grade III positions; and, revise the District salary schedule. The motion failed.

Director O'Brien	-	Abstained	Vice-President Moore	-	Yes
Director Brown	-	Absent	President Scholl	-	Yes
Director Nishi	-	No			

President Scholl requested this item be brought back to the next meeting.

President Scholl recessed the meeting from 8:10 until 8:20 p.m.

6. Staff Reports:

A. Lake Court:

Mr. Lucca introduced Mr. Charlie Johnson, City of Marina. He also introduced Ms. Justina Walsh, Ms. Debra Daniels, and, Mr. Michael Lopez all residents of Lake Court.

Vice-President Moore asked if Lake Court was inside the boundary of the District. Mr. Armstrong stated that staff researched District documents and found that Lake Court was inside the District boundary. Discussion followed.

Vice-President Moore asked if staff looked into the cost of capacity charges. Mr. Lucca stated that the District did not look into capacity charges but the cost of infrastructure to connect the residents to the District's water system which would cost approximately \$100,000. Mr. Lowrey stated that assessment district's were formed to help pay for the infrastructure when large portions of the City of Marina were developed. Vice-President Moore asked if Lake Court residents were interested in connecting to the District infrastructure. Mr. Lopez stated the residents were interested in connecting to the system and sharing the cost. Mr. Armstrong asked what the City of Marina was considering. Mr. Johnson stated the City was planning on moving the corporation yard to a site on the former Fort Ord but would be keeping the property on Lake Court and considering expanding the animal shelter located there.

Agenda Item 6-A (continued):

Mr. Lowrey stated that the question was how the cost would be allocated i.e. by linear foot or by lot. If it were allocated by linear foot, the City would pay about half of the cost, and if the allocation is by lot, it would be split more evenly between everyone. President Scholl clarified that the customers are looking to organize a Special Assessment District for their Lake Court properties. Mr. Armstrong added that everyone needs to work together to ensure that a reasonable solution is reached.

Director Nishi stated that he had asked that this item be placed on the agenda to address his concern of a violation of the District Ordinance and he did not feel it was being addressed. Mr. Lowrey clarified that it looked like an individual was paying a monthly meter charge although the water was turned off, and receiving water through a hook-up to the City's connection and paying the City for the water. Mr. Johnson stated that following high water bills, the individual was allowed to connect to the City's meter to get water. The City has yet to bill the individual, but they will be billed at a later date. President Scholl asked legal counsel what violation was being made by doing this. Mr. Lowrey stated that the violation was the resale of water by a customer of the District with the exception of a master metered complex such as a mobile home park or condominium complex that has one master meter but bills tenants individually. President Scholl asked what can be done to correct this violation. Mr. Lowrey stated that best thing to do would be for the customers to request a variance and work towards resolving the situation. Director Nishi stated that the customers need to create a Special Assessment District. Mr. Lowrey added that the customers request a Special Assessment District and then the MCWD would process it. Mr. Lowrey explained how Assessment Districts are formed.

The Board directed staff to create a variance for the District Ordinance and discuss creating an Assessment District with the customers involved.

B. 701 Bandholtz Court:

Mr. Prasad introduced this item. President Scholl commented that it would be ideal to have no leaks in the meter installation.

C. Seaside County Sanitation District:

Mr. Lucca introduced this item. Director Nishi questioned if it was appropriate for staff to discuss sewer flow without Board direction. Discussion followed. Mr. Lucca stated that staff was doing engineering feasibility and cost feasibility to try to determine if diverting sewer flows is practical and would then bring the findings to the Board for consideration. Director Nishi asked at what point does the District address the sewer flows of Del Rey Oaks and who gets credit for the flows, the District or MRWPCA? Mr. Armstrong stated that staff is very aware of the issue regarding the Del Rey Oaks sewer flows and is keeping that in mind when holding discussions with them.

Agenda Item 6-C (continued):

Director Nishi stated that the District would be more prepared if there was an agreement with Del Rey Oaks to ensure the flows remain property of the District. President Scholl asked what the next step should be. Director Nishi stated that the next step would be to develop an agreement between MCWD and Del Rey Oaks saying that the District is receptive to saving them money by allowing them to send their sewage through Seaside County Sanitation District but understanding that the flows belong to the MCWD. President Scholl asked who should negotiate the agreement. Director Nishi stated that is for the Board to decide. Discussion followed. Director Nishi asked that information be provided at the next meeting for discussion. Mr. Armstrong stated if the Board would like staff to begin to approach this issue at staff level they will, or the Board could appoint a subcommittee to discuss the issue. President Scholl asked that this be brought back to the next available meeting.

7. Informational Items:

A. General Manager's Report:

Mr. Armstrong stated that at the last FORA Board meetings there has been discussion of purchasing liability insurance for land use jurisdictions and agencies. FORA requires land use jurisdictions that own land on the former Fort Ord to purchase insurance that would cover the entity against "munitions and explosives of concern" and pollution. Mr. Armstrong also stated that apparently not many agencies offer this kind of insurance. FORA is considering a \$100 million policy for 10 years but the details are still being worked out and will continue to be discussed in the near future. Discussion followed. Director O'Brien stated that there is a period of time where there are no records of what was happening on the former Fort Ord and that there is a chance of something turning up anywhere on the former base. He added that he got a copy of the policy but it was redacted and he was unable to understand it and he advises against approving anything that cannot be thoroughly understood. Discussion followed regarding the insurance company providing this coverage.

B. Counsel's Report:

None.

C. Committee and Board Liaison Reports:

1. Water Conservation Commission:

Director O'Brien commented that the Commission met and did discuss a joint meeting with the Board of Directors. Director Nishi asked how many members are on the Commission and what their terms are. He stated that he would like to see an item on the next agenda regarding the

Agenda Item 7-C1 (continued):

terms of the Water Conservation Commission are. President Scholl suggested discussing this item during a Board and Water Conservation Commission workshop. Mr. Armstrong suggested discussing a meeting date when reviewing meeting dates later in the agenda.

2. Joint City-District Committee:

No meeting.

3. MRWPCA Board Member:

No comments.

4. LAFCO Liaison:

No comments.

5. JPIA Liaison:

Vice-President Moore stated he planned on attending the JPIA Board meeting on the 29th of November.

6. SDA Liaison:

No meeting since last meeting.

7. FORA:

Mr. Armstrong stated the only thing of consequence was the insurance issue which has already been discussed this evening.

8. Executive Committee:

No comments.

9. Community Outreach:

President Scholl stated that Mr. Sid Williams did a good job writing the articles for the Marina Gazette.

D. Director's Comments:

Vice-President Moore stated he was glad Mr. Prasad was recognized for his hard work.

Director Nishi commented he had the Water Conservation Workshop item to discuss and agreed that Mr. Prasad was doing a great job but was concerned that his salary was 25% below the Koff & Associates Study and it was going to take too many years to bring him up to his just pay. Director Nishi also said that he was waiting for a letter regarding the General Manager sitting in on FORA Board meetings. Mr. Lowrey stated he would have a letter for the next meeting.

Director O'Brien thanked everyone for the courtesy they extended to him and stated that it was a pleasure to serve with them. He was very impressed with how the organization worked. Director O'Brien added that he had received a letter from Sen. McPherson congratulating him on his victory and that he replied that the rumors of his successful win in the election were greatly exaggerated.

President Scholl commented that he will not be in town for the meeting scheduled on December 22, 2004 and that there would be many staff members unavailable for the meeting as well. Director Nishi stated that if the second meeting was cancelled they ought to just cancel the first meeting as it is a review for the second. Mr. Armstrong suggested holding the first meeting on the 8th and the second one on the 15th of December if feasible.

Vice-President Moore thanked Director O'Brien for his service on the Board.

8. Planning Workshop:

A. Water Augmentation: Next Steps:

Mr. Armstrong introduced this item. He explained that the City of Marina is looking at major project developments as well as the County in East Garrison, the City of Seaside, and other jurisdictions. Mr. Armstrong stated that as the District brings forward the University Villages Water Supply Assessment there may be a problem with the City of Marina's allocation from FORA. He stated that staff is in discussions with FORA, the Monterey County Water Resources Agency and the City of Marina as well as others about how best to manage this allocation and sequencing issue. Mr. Armstrong stated that the developers present have affirmed as have all the other developers that they are installing the backbone for recycled water in their developments. He stated that plans continue to change as the staff just discovered tonight that the University Villages plans to use artificial turf in their major parks. He explained that there are major changes in many of the projects that are in the works i.e. the Marina Golf Course, the First Tee and University Villages projects.

Agenda Item 8-A (continued):

President Scholl suggested that staff create a water demand graph on the best guess of upcoming developments. Mr. Armstrong stated that the Urban Water Management Plan which is currently being amended will contain that information.

President Scholl added that he would like a second part to the graph and that would be a projected estimated amount of time it takes to build a project. Vice-President Moore stated that he would like to see a graph once a quarter for the most current and best projections on upcoming developments. Mr. Armstrong briefly explained the FORA water allocations and what may need to be done in the future regarding the allocations. Director O'Brien commented on the current allocations and inquired on the 2400 afy augmentation project. He then inquired who would control the water allocation after the sunset of FORA. Mr. Armstrong stated that is still unknown. Director Nishi asked how much water is the City of Marina short for the former Fort Ord projects. Mr. Armstrong stated that the City of Marina has 1175 afy allocated from FORA and an additional 150 afy borrowed from FORA for a total of 1325 afy. Marina is currently using approximately 700 afy. Discussion followed regarding water allocation on the former Fort Ord and water augmentation.

President Scholl noted that it was 10:00 p.m. and asked if there was a motion to adjourn.

On motion by Vice-President Moore, seconded by Director Nishi; the Board continue the meeting until 10:15 p.m. With a vote of 4-Ayes, 0-Noes, 1-Absent, the motion was passed.

Vice-President Moore suggested getting preliminary costs of getting water from some of the desal projects, moving the well field and the rubber dam project. President Scholl commented that he is not too sure of the recycled water options as several projects i.e. First Teem, City of Marina Golf Course and University Villages will not be requiring recycled water as first thought. Vice-President Moore asked staff to look into cost for recycled water if the Bayonet/Blackhorse Golf Course was the only customer. Director Nishi commented that non-potable water will be needed for irrigation and toilets in the future.

Mr. Keith Israel, MRWPCA General Manager, commented that there is a salt issue and there is a need in urban reduction in salt use to improve the quality and cost of recycled water.

Mr. Armstrong concluded that the Board would like staff to create a complex spreadsheet that would have all of the factors mentioned by the Board and start sharing that information as a valuable tool for the Boards use.

Agenda Item 8-A (continued):

President Scholl inquired on the District's desal plant and where staff is on retrofitting it. Mr. Armstrong stated that staff is in negotiations and almost ready to bring something before the Board in the near future.

Mr. Schaffer asked that the analysis contain comparative costs of water.

9. Adjournment:

The meeting was adjourned at 10:15 p.m.

APPROVED:

Thomas P. Moore, President

Date

ATTEST:

Michael D. Armstrong, General Manager