

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
February 9, 2005
7:00 p.m.

Minutes

1. Call to Order:

President Moore called the meeting to order at 7:00 p.m. on February 9, 2005.

Board Members Present:

Tom Moore – President
David Brown – Vice President
Ken Nishi
Charles Scholl
Howard Gustafson

Board Members Absent:

None.

Staff Members Present:

Mike Armstrong, General Manager
Lloyd Lowrey, Legal Counsel
Marc Lucca, District Engineer
Suresh Prasad, Director of Finance
John Zeller, Associate Engineer
Jade Sullivan, Capital Projects Manager

Audience:

None.

2. Oral Communications:

None.

3. Action Item:

- A. Consider Adoption of Resolution No. 2005-11 to Approve a Contract Change Order No. 1 to the Design/Build Agreement No. 2004-26 with Kaweah Construction Co. for the Marina Disinfection Replacement Project and Amend the Fiscal Year 2004/2005 Budget:

Agenda Item 3-A (continued):

Mr. Marc Lucca, District Engineer, introduced this item. Director Nishi commented that he had requested additional information on the difference of the two bids from MPE and Kaweah. Mr. Lucca stated the largest difference was the housing for the chlorination systems. Director Nishi inquired on the high sulfide levels. Mr. Lucca gave a brief explanation of the recent rise in sulfide levels and the need for larger generators.

Director Scholl made a motion to adopt Resolution No. 2005-11 approving contract change order number one to the design/build agreement No. 2004-26 with Kaweah Construction Co. for the Marina disinfection replacement project and amend the FY 2004/2005 budget. Vice President Brown seconded the motion. The motion passed.

Director Gustafson	-	No	Vice President Brown	-	Yes
Director Scholl	-	Yes	President Moore	-	Yes
Director Nishi	-	No			

4. Review Draft Board Items:

A. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Authorize the Design Phase for the Ord Community Reservoirs D and E Replacement Project:

Mr. Lucca introduced this item. President Moore asked if the resolution is for funds to demolish the Airport Reservoir as well as Reservoirs D and E. Mr. Lucca answered the intent of the resolution was to authorize funds that would allow the design phase for Reservoirs D and E as well as design and demolition of the Airport Reservoir. President Moore asked that the resolution clarify that fact. Mr. Lowrey added that this project was exempt under CEQA as it is an already existing facility. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

B. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Authorize the Design Phase of the Ord Community WWTP Flume Project:

Mr. Lucca introduced this item. He added that the design will not include security fence installation as that will be completed under a separate contract. Mr. Lowrey added that this project was also exempt under CEQA as it is an already existing facility. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

C. Review Draft Board Transmittal to Consider Adoption of Resolution No. 2005-xx to Authorize Construction of the Crescent Avenue Sewer and Water Pipelines Extension Project:

Mr. Lucca introduced this item. Vice President Brown asked if this project went out for competitive bid. Mr. Lucca answered that it already had. Mr. Lowrey added that this project was also exempt under CEQA as it is an already existing facility. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

D. Review Draft Board Transmittal to Receive Draft Budget for FY 2005-2006 and Review Approved Schedule:

Mr. Suresh Prasad, Director of Finance, introduced this item. Director Nishi asked if the same draft budget showing capacity charges was presented to the WWOC at their meeting earlier that morning. Mr. Prasad answered affirmatively. Discussion on capacity charges followed. President Moore asked if the District and FORA establish capacity charges, when would they apply to a developer. Mr. Armstrong answered the timing is important. The current consideration is to have it coincidental with final map approval. President Moore asked if capacity charges would be applied to the Seaside Highlands development on the houses still waiting to be built. Mr. Armstrong stated that issue was briefly discussed but was not sure capacity charges could be charged on those homes. President Moore asked when the rates for Ord Community would flatline. Mr. Armstrong answered that it depended on customer growth. Discussion on rates followed. Director Nishi inquired if the Seaside Highlands infrastructure had been conveyed to the District yet. Mr. Armstrong stated the project is still under construction and the District had not yet accepted the system. Director Nishi asked for an explanation of the equalization fee. Mr. Lowrey explained how the equalization fee was developed. This item is to be reviewed again on February 23, 2005.

E. Review Draft Board Transmittal to Receive the Quarterly Financial Statements for October 1, 2004 – December 31, 2004:

Mr. Prasad stated he was available to answer any questions. Director Nishi commented on the Operating Reserves fund. Director Scholl commented the biggest disparity was the interest expense. Mr. Prasad explained how the interest expense was accounted for in the budget. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

F. Review Draft Board Transmittal to Consider Approving Expenditures for the Month of January 2005:

No questions or comments on this item. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

G. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Special Board Meeting of January 5, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

H. Review Draft Board Transmittal to Consider Approval of the Draft Minutes of the Regular Board Meeting of January 12, 2005:

There were no questions or comments on this item. This item is to be placed on the consent calendar for the February 23, 2005 meeting.

5. Staff Reports:

A. District Indemnification Requirements:

Mr. Lucca introduced this item. Director Gustafson suggested reviewing the County's indemnification requirements. President Moore asked what impact this requirement would have on contractors bidding on District projects. Mr. Lucca stated it could have a big impact on smaller contractors. Discussion on requirements followed. President Moore asked if MEC incidents were precluded from the indemnification agreement. Mr. Lowrey stated the language was as broad and loose as possible to make a good argument that they are included. Mr. Armstrong commented on what he understands the Board would like to see done. First, staff is to include a statement in the agreement with regard to what the District knows is a hazard; and, second, continue to look for the best way to ensure that wherever the employees and/or consultants are working, they are covered by the maximum amount of insurance coverage available.

B. Bayer Tank Structural/Operational Improvements Project:

Mr. Jade Sullivan, Capital Projects Manager, gave a brief update of the project. Director Nishi voiced his concern over the Bayer Tank water being at a dangerous level. President Moore asked if something could be done in to the tank until the project is complete. Mr. Lucca answered that the District has the tank set so that with the slightest fluctuation in water level, the wells automatically turn on. Director Nishi stated the level is higher than recommended by the consultant. Can the District operate the tank at a lower level? Mr. Lucca answered the tank could not be operated with the water level any lower than it is.

C. Extension of Draw Period for Loan Program from City National Bank to Fund Capital Improvement Program Projects for the Ord Community Service Area:

Agenda Item 5-C (continued):

Mr. Prasad introduced this item. He explained the reason for the extension was to be able to access the remaining available funds to continue to pay for Capital Improvement Projects.

6. Discuss Possible Agenda Items of the February 23, 2005 Planning Workshop:

Director Nishi requested Strategic Planning to be a discussion item for the February 23, 2005 Planning Workshop. President Moore requested having a discussion on Performance Reviews.

President Moore recessed the meeting from 8:35 until 8:40 p.m.

The Board entered into closed session at 8:40 p.m.

7. Closed Session:

- A. Pursuant to Government Code Section 54956.9
Conference with Legal Counsel – Anticipated Litigation
Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9
1-case
- B. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation
Title: General Manager

The Board returned to open session at 9:23 p.m.

8. Possible Action on Closed Session Items:

President Moore stated that direction was provided to the negotiating team with no action taken.

9. Director's Comments:

Director Nishi commented that WCC commissioner terms were supposed to be discussed on this meetings agenda. He also commented that the capacity and connection charges need to be implemented as soon as possible. Director Nishi commented on the lack of staff response to certain Director's requests. He asked for Kaweah and MPE bids on the disinfection system; and, letters regarding CSUMB negotiations.

President Moore stated that he would like to see the Directors to get simple clarifying answers to their questions at more appropriate times i.e. before the meeting.

Regular Board Meeting
February 9, 2005
Page 6

Agenda Item 8 (continued):

Director Scholl gave his compliments on the new chairs for the Board of Directors.

10. Adjournment:

The meeting was adjourned at 9:25 p.m.

APPROVED:

David W. Brown, Vice President Date

ATTEST:

Michael D. Armstrong, General Manager