



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

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DIRECTORS
KENNETH K. NISHI
President

WILLIAM LEE
Vice President

THOMAS P. MOORE
HOWARD GUSTAFSON
DAN BURNS

Agenda

Special Board Meeting, Board of Directors Marina Coast Water District

11 Reservation Road, Marina, California
Tuesday, December 22, 2009, 5:30 p.m.

This meeting has been noticed according to the Brown Act rules.

Mission: *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.*

Vision: *The Marina Coast Water District will be the leading public supplier of integrated water and wastewater services in the Monterey Bay Region.*

1. Call to Order

2. Roll Call

3. Closed Session

- A. Pursuant to (Subdivision (a) of Government Code Section 54956.9)
Conference with Legal Counsel -- Existing Litigation
Name of case: California Public Utilities Commission Proceeding A.04-09-019,
"In the Matter of the Application of California-American Water Company (U 210
@) for a Certificate of Public Convenience and Necessity to Construct and
Operate its Coastal Water Project to Resolve the Long-Term Water Supply
Deficit in its Monterey District and to Recover All Present and Future Costs in
Connection Therewith in Rates."

4. Reconvene Open Session

5. Possible Action on Closed Session Items *The Board will report out on any action taken during Closed Session, and may take additional action in Open Session, as appropriate. Any closed session items not completed will be discussed at the end of the meeting.*

6. Pledge of Allegiance

7. 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 three minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

8. 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 three minutes.*

- A. Consider Adoption of Resolution No. 2009-83 to Amend the FY 2009/2010 Budget and Authorize Additional Funding for Continued District Participation in the Coastal Water Project/Regional Water Project Proceedings

Action: The Board will consider amending the FY 2009/2010 budget and authorizing additional funding for continued District participation in the Coastal Water Project/Regional Water Project proceedings.

9. Directors Comments

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

*Regular Meeting: Tuesday, January 12, 2010, 6:45 p.m.,
11 Reservation Road, Marina*

Marina Coast Water District
Agenda Transmittal

Agenda Item: 8-A

Meeting Date: December 22, 2009

Submitted By: Lloyd Lowrey

Presented By: Jim Heitzman

Reviewed By: Jim Heitzman

Agenda Title: Consider Adoption of Resolution No. 2009-83 to Amend the FY 2009/2010 Budget and Authorize Additional Funding for Continued District Participation in the Coastal Water Project/Regional Water Project Proceedings

Detailed Description: This Resolution would amend the budget for 2009/2010 to authorize expenditure of an additional \$650,000 of District funds to pay costs for the District to continue to participate in proceedings by the California Public Utilities Commission (CPUC) for the Coastal Water Project and the alternative Regional Project (Proceedings).

On March 10, 2009, the Board appropriated and authorized the expenditure of up to \$350,000 for the Proceedings. Since then the District has become a central participant in the Proceedings, including negotiations, studies and hearings. The District has incurred costs internally and by engaging attorneys, engineers and consultants. Substantial progress has been made toward analyzing and obtaining approval for a regional desalination facility with source wells owned and operated by Monterey County Water Resources Agency, a desalination plant owned and operated by MCWD and a distribution pipeline to the Monterey Peninsula owned and operated by California American Water Company (CAW). Brine would be discharged through the regional wastewater outfall owned and operated by the Monterey Regional Water Pollution Control Agency (MRWPCA).

On December 17, 2009, the CPUC certified a Final Environmental Impact Report (FEIR) analyzing CAW's proposed Coastal Water Project at Moss Landing and two alternatives – a Regional Project sponsored by MCWD that includes a regional desalination project located on the Armstrong Ranch at Marina, and a similar desalination project located in North Marina sponsored by CAW – setting the stage for selection of the project's components by the CPUC early next year. The FEIR contains a favorable analysis of the Regional Project sponsored by MCWD. The CPUC's certification of the FEIR provides a valuable environmental reference document for the Districts own water augmentation planning as well as for regional planning.

Because of the District's central role in the Proceedings, the District has incurred substantially more cost than was anticipated and estimated in March. To date, the District has incurred expenses associated with the Proceedings of \$438,000. The current estimate is that the District's costs for the Proceedings may reach \$1,000,000. The Parties to the Proceedings have thus far agreed to try to negotiate a settlement instead of conducting more expensive administrative litigation. If this approach continues to be successful, there could be action by the CPUC to approve a project by June 30, 2010.

Staff believes that the District has benefited already from participating in the Proceedings and that there is substantial potential for additional benefit to the District from continued active participation in the Proceedings, including hearings, negotiations, meetings and analysis of information.

Environmental Review Compliance: None required.

Prior Committee or Board Action: Authorized participation in and fiscal support of the Regional Plenary Oversight Group (REPOG), later known as the Water for Monterey County Coalition. Resolution No. 2009-18 approved District participation in the Coastal Water Project/Regional Water Project Proceedings and authorized \$350,000 for this process.

Board Goals/Objectives: *2007/2008 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 No

Funding Source/Recap: For FY 2009/2010 the District will use \$650,000 from Operating Reserves.

	Beginning Balance	Change	Ending Balance
From: Operating Reserves (as of 09/30/2009)	\$1,184,311	- \$650,000	\$534,311
To: Regional Project (CPUC Process)	\$350,000	+ \$650,000	\$1,000,000

Material Included for Information/Consideration: Resolution No. 2009-83.

Staff Recommendation: The Board of Directors amend FY 2009/2010 budget and approve additional funding in the amount of \$650,000 for continued MCWD participation in CPUC proceedings for the CWP/Regional Project, including hearings, negotiations, meetings and analysis of information.

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

Board Action

Resolution No _____ Motion By _____ Seconded By _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Reagendized _____ Date _____ No Action Taken _____

Resolution No. 2009-83
Resolution of the Board of Directors
Marina Coast Water District
Approving Additional Funding for Continued District Participation in the Coastal Water
Project/Regional Water Project Proceedings
and Amending the FY 2009/2010 Budget

December 22, 2009

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“MCWD”), at a special meeting duly called and held on December 22, 2009, at the business office of the District, 11 Reservation Road, Marina, California as follows:

WHEREAS, MCWD provides water and wastewater services to a jurisdictional and contract service area that includes the City of Marina and the former Fort Ord; and,

WHEREAS, California American Water Company (“CAW”) provides water service within its Monterey District, in a service area adjacent to MCWD’s service area; and,

WHEREAS, the region that includes MCWD’s service area and CAW’s Monterey District lacks sufficient, developed water sources to supply projected, long-term, regional needs; and,

WHEREAS, in proceeding A.04-09-019, the California Public Utilities Commission (CPUC) is considering the application of CAW for a Certificate of Public Convenience and Necessity (CPCN) for a proposed Coastal Water Project (CWP) involving a desalination facility located at Moss Landing and transport of water to CAW’s Monterey Peninsula service area; and,

WHEREAS, an alternative to the CWP is the Monterey Regional Water Supply Project sponsored by the Water for Monterey County Coalition. MCWD is a principal financial sponsor of and an active participant in the Water for Monterey County Coalition, and MCWD is the proposed owner of the regional desalination facility and the surface water treatment plant that are part of the proposed Regional Project; and,

WHEREAS, MCWD has a vital interest in the CWP process and outcome. The Regional Alternative will provide water necessary for MCWD to supply the foreseeable needs identified in MCWD’s Urban Water Management Plan and in the Fort Ord Reuse Plan; and,

WHEREAS, The CPUC has evaluated the environmental impacts of the project alternatives and had scheduled hearings to consider which alternative most effectively meets long-term water needs and serves public convenience and necessity; and,

WHEREAS, On December 17, 2009, the CPUC certified the Final Environmental Impact Report (FEIR) for the CWP and alternatives, setting the stage for selection of the project’s components by the CPUC Board early next year. The FEIR examined CAW’s proposal for a desalination plant at Moss Landing and two other alternatives, CAW’s proposal for a desalination facility north of the Salinas River near Marina, and MCWD’s Regional Water Project proposal that includes a desalination plant of the south of the Salinas River near Marina; and,

WHEREAS, The District's General Manager recommends that the District continue to participate fully in CPUC proceeding A-04-09-019, including hearings, negotiations, meetings and analysis of information, and that the Board appropriate and authorize the expenditure of adequate funds for such participation.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby approve and authorize the District to continue full participation as recommend by and under the direction of the General Manager in the CPUC proceeding A.04-09-019, including hearings, negotiations, meetings and analysis of information; and,

BE IT FURTHER RESOLVED, that Board does hereby appropriate and authorize additional expenditure of District Funds during the 2009/2010 Fiscal Year in the amount of \$650,000.

	Beginning Balance	Change	Ending Balance
From: Operating Reserves (as of 09/30/2009)	\$1,184,311	- \$650,000	\$534,311
To: Regional Project (CPUC Process)	\$350,000	+ \$650,000	\$1,000,000

AND BE IT FURTHER RESOLVED, that the General Manager shall render monthly reports to the Board on the obligation and expenditure of the funds appropriated by this Resolution.

PASSED AND ADOPTED on December 22, 2009, 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 _____

Kenneth K. Nishi, President

ATTEST:

Jim Heitzman, 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. 2009-83 adopted December 22, 2009.

Jim Heitzman, Secretary