

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Regular Board Meeting
October 12, 2010
6:45 p.m.

Minutes

1. Call to Order:

President Nishi called the meeting to order at 6:45 p.m. on October 12, 2010.

2. Roll Call:

Board Members Present:

Ken Nishi– President
Bill Lee – Vice President
Howard Gustafson
Tom Moore
Dan Burns

Staff Members Present:

Jim Heitzman, General Manager
Lloyd Lowrey, Legal Counsel
Carl Niizawa, Deputy General Manager/District Engineer
Suresh Prasad, Director of Finance
Jean Premutati, Management Services Administrator
Kelly Cadiente, Director of Administrative Services
Rich Youngblood, Conservation Coordinator
Brian True, Capital Projects Manager
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Jan Shriner, Marina Resident	Larry Combs, Carpenters Union #605
Andy Sterbenz, Schaaf & Wheeler	James Combs, Carpenters Union #605
George Eads, Marina Resident	Paul Mondragon Jr., Carpenters Union #605
Chuck Lande, Chadmar Group	Frank Madrigul, Carpenters Union #605
Ralph Rubio, Carpenters Union #605	Javier Ortiz, Carpenters Union #605
Don Evans, Evans Group International	Tony Uzzle, Carpenters Union #605
Denise Espina, CSUMB Student	Tony Flores, Carpenters Union #605
Jessica Lessard, CSUMB Student	Hector Gomez, Carpenters Union #605
Clinton Parkison, Carpenters Union #605	Bob Hobbs, Carpenter Union #605
Alex Madrigul, Carpenters Union #605	

The Board entered into closed session at 6:45 p.m.

3. Closed Session:

- A. 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)
- B. Pursuant to Government Code 54956.8
Conference with Real Property Negotiator (General Manager, Legal Counsel)
Property: Easements and Land on Armstrong Property, North of Marina
Negotiating Parties: MCWD and Armstrong Family
Under Negotiation: Price, Terms, and Conditions
- C. Pursuant to Government Code 54957.6
Conference with Labor Negotiator
Agency Negotiator (General Manager)
Employee Organization: Marina Coast Water District Employees Association
- D. Pursuant to Government Code 54957.6
Conference with Labor Negotiator
Agency Negotiator (General Manager)
Employee Organization: Teamsters Local 890

President Nishi ended closed session and reconvened the meeting to open session at 7:20 p.m.

4. Possible Action on Closed Session Items:

Mr. Lloyd Lowrey, Legal Counsel, reported that on item 3-A, the Board of Directors met with Legal Counsel, direction was given and no action was taken. On item 3-B, the Board of Directors met with the Real Property negotiators and no action was taken. On item 3-C, the Board of Directors met with the negotiator and no action was taken. On item 3-D, the Board of Directors met with the negotiator and no action was taken.

5. Pledge of Allegiance:

President Nishi asked Mr. Brian True, Capital Projects Manager, to lead everyone present in the Pledge of Allegiance.

6. Oral Communications:

Mr. Jim Heitzman, General Manager, introduced Mr. Don Evans, Evans Group International, as an esteemed consultant working on the Regional Water Project.

7. Presentation:

- A. Consider Adoption of Resolution No. 2010-67 to Show Appreciation to the District Employees for Their Assistance With the 50th Anniversary Celebration of the Marina Coast Water District:

Director Gustafson made a motion to adopt Resolution No. 2010-67 showing appreciation to the District employees for their assistance with the 50th Anniversary celebration of the Marina Coast Water District. Vice President Lee seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

President Nishi read the narration, thanked the employees for their efforts and presented Mr. Heitzman with a commemorative Resolution. Mr. Heitzman also thanked the employees for their hard work. He noted that he had received many compliments from those who attended the event on the pleasant and friendly environment.

8. Consent Calendar:

Director Moore requested to pull item D from the Consent Calendar.

Director Gustafson made a motion to approve the Consent Calendar consisting of items A) Adopt Resolution No. 2010-68 to Approve Amendment No. 2 to the Agreement for Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure with Cypress Marina Heights, LP at Cypress Marina Heights – Phases I, II & III; B) Receive the Revised Quarterly Financial Statements for April 1, 2010 to June 30, 2010; and C) Approve the Expenditures for the Month of September 2010. Ms. Jan Shriner, Marina Resident, requested to pull items A and B from the Consent Calendar. Director Gustafson amended his motion to only include item C) Approve the Expenditures for the Month of September 2010. Director Moore seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

- A. Adopt Resolution No. 2010-68 to Approve Amendment No. 2 to the Agreement for Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure with Cypress Marina Heights, LP at Cypress Marina Heights – Phases I, II & III:

Ms. Shriner asked that the Board postpone this item since the Joint City District Committee hasn't met since August and the Marina City Council is meeting this evening to discuss options on Marina Heights. She would like to see both the Water Board and City Council collaborate together for a better community.

President Nishi commented that the Joint City District Committee met on October 6th and there were no concerns regarding Marina Heights.

Mr. Heitzman commented that the Developer has made a huge investment in Marina Heights and is only asking the District to extend the term of the Agreement.

Director Gustafson made a motion to adopt Resolution No. 2010-68 approving Amendment No. 2 to the Agreement for Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure with Cypress Marina Heights, LP at Cypress Marina Heights – Phases I, II & III. Director Burns seconded the motion. The motion was passed.

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

- B. Receive the Revised Quarterly Financial Statements for April 1, 2010 to June 30, 2010:

Ms. Shriner inquired about the unaudited income statement Year-to-Date "Budget" and "Actual" for the Capital Improvement Projects at the bottom of pages 17, Ord Community Water Fund, and 19, Recycled Water Fund, of the packet. She wanted to know why such a large amount was budgeted and only a small amount was expended. Mr. Suresh Prasad, Director of Finance, explained that of the items budgeted for FY 2009/2010, some were completed and some were postponed until the next fiscal year. President Nishi clarified that budgeting was just a planning document and not set in stone.

Mr. Heitzman commented that the Capital Improvements Projects in the Recycled Water Fund were delayed because the City of Marina has yet to provide the District with encroachment permits and thus the District has been unable to put in the recycled water pipeline as was budgeted.

Agenda Item 8-B (continued):

Director Burns made a motion to receive the revised Quarterly Financial Statements for April 1, 2010 to June 30, 2010. Director Gustafson seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

D. Approve the Draft Minutes of the Regular Board Meeting of September 14, 2010:

Director Moore noted that a slight revision to page 6 of the minutes was before the Directors on the dais.

Director Moore made a motion to approve the minutes of the regular Board meeting of September 14, 2010 with the correction noted. Director Gustafson seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

9. Action Items:

A. Consider Appointment to the Water Conservation Commission:

Mr. Youngblood stated that staff would like to pull item 9-A.

B. Consider Appointments to the Budget and Personnel Committee, the Projects and Planning Committee and the Operations and Maintenance Committee, and to Approve the Charge, Formation and Meeting Day and Time of Each Committee:

Mr. Carl Niizawa, Deputy General Manager/District Engineer, introduced this item.

President Nishi suggested the following for Committee Assignments:

Budget and Personnel – Director Burns, Director Gustafson
Operations and Maintenance – Director Burns, Vice President Lee
Projects and Planning – Director Moore, President Nishi

The Committees will meet following proper Brown Act 72-hour noticing and select future meeting dates and times from then forward.

Agenda Item 9-B (continued):

Vice President Lee made a motion to ratify the assignments as noted by President Nishi. Director Gustafson seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

C. Consider Adoption of Resolution No. 2010-69 to Adopt a Workforce Development Training Policy for Promotion of Local Apprenticeship Hiring in Marina Coast Water District:

Mr. Heitzman commented that staff would like to pull agenda item 9-C. Mr. Ralph Rubio, Carpenters Local #605, asked to make a comment on this item. He asked that the District approve the apprenticeship policy when it does return to the Board for consideration.

Ms. Shriner also asked that the Board approve this policy when it returns for consideration.

Mr. John Anzini, Carpenters Union #605, urged the Board to consider this policy when it returns for consideration.

Mr. Rob Hobbs, Dilbeck & Sons, commented that using Union contractors and sub-contractors equals quality work and urged approval of this item when it returns for consideration.

Mr. Pat Castillo, Carpenters Union #605, commented that the apprentice program produces quality carpenters and urged approval of this item when it returns for consideration.

D. Consider Adoption of and Provide Direction on Draft Resolution No. 2010-70 to Approve Financing and Payment in 2010 for the 224-acres (+/-) of Armstrong Ranch Land and Appurtenant Easements Acquired:

Ms. Kelly Cadiente, Director of Administrative Services, introduced this item explaining that all payments made through December 31, 2010, may be recovered through inclusion in computing the annexation fees and capacity charges on a per-acre-foot-basis for certain portions of the Armstrong Ranch that are annexed per the Annexation Agreement. This could allow the District to recoup approximately \$6.5 Million if the District pre-pays the note when the Armstrong Ranch development reaches approximately 753 acre-feet of their water allocation; and could allow all of the payment to be recouped if the entire allocation is developed.

Agenda Item 9-D (continued):

Ms. Cadiente stated that staff recommends issuing subordinate bonds to refinance the Promissory Note and does not threaten the District's financial stability.

Director Moore asked if it were correct if the District pays off the current Promissory Note and borrows money to do so, once the payoff time rolls around, the District will not be able to recover those accruing interest costs in the capacity fees or other service charges on the Armstrong Ranch. Ms. Cadiente answered that Director Moore was correct. The District can only recover prior payments made for the property, the amount of the Promissory Note, and any interest paid on the Note prior to December 31, 2010 when and if the development occurs. Director Moore asked if the District would be responsible for the costs if development doesn't occur for a number of years. Ms. Cadiente answered that the District has already approved the Promissory Note and is responsible for paying for it. If the District issues subordinate bonds to prepay the Promissory Note, those costs will be reduced because the Promissory Note has a higher adjustable interest rate while the Subordinate Bonds have a lower fixed rate of interest. Director Moore clarified that the amount recovered from Armstrong Ranch capacity fees or other service charges would be in addition to the normal capacity charge calculations the District would do for any other developer in Central Marina. Mr. Heitzman answered that Director Moore was correct.

Vice President Lee made a motion to adopt Resolution No. 2010-70 to Approve Financing and Payment in 2010 for the 224-acres (+/-) of Armstrong Ranch Land and Appurtenant Easements Acquired by issuing subordinate bonds as recommended by staff. Director Moore seconded the motion. The motion was passed.

Director Moore	-	Yes	Vice President Lee	-	Yes
Director Gustafson	-	Yes	President Nishi	-	Yes
Director Burns	-	Yes			

10. Staff Report:

A. Receive Update on Employee Development:

Ms. Jean Premutati, Management Services Administrator, introduced this item and briefed the Board of Directors on staff development that included training and certifications. Director Moore commented that he was impressed with the report and asked that this report be given annually to the Board in a spreadsheet format to show what employees are doing more specifically. President Nishi suggested that this information go through the Budget and Personnel Committee as a preliminary step before going to the Board.

11. Informational Items:

A. General Manager's Report:

No report.

B. District Engineer's Report:

Mr. Niizawa commented that at the last Board meeting Director Moore asked if it was appropriate for the Community Emergency Response Team (CERT) program to give a presentation to the Board. The CERT program is comprised of Marina Volunteer Firefighters Association and they train public and community groups with regards to emergency response items. Mr. Niizawa stated that there was little interface between the District and CERT because the District interfaces with active police, firefighters, and Regional emergency personnel because of the District's role as a public utility.

C. Counsel's Report:

No report.

D. Committee and Board Liaison Reports:

1. Water Conservation Commission:

Vice President Lee commented that the Commission meeting was held the same evening the packet was distributed so the Commission meeting minutes would be in the next Board packet.

2. Joint City-District Committee:

President Nishi stated the Committee met October 6th. The issue was the Teen Center among other things and the City and District are trying to work it out. Councilmember O'Connell attended his first meeting since being appointed to fill the vacancy of Councilmember Gray.

3. MRWPCA Board Member:

President Nishi commented that the meeting was boiler plate.

4. LAFCO Liaison:

Director Moore stated that the meeting was September 27th and they ratified the past city's sphere of influence plans for the Salinas Valley region. President Nishi commented that on October 25th LAFCO will discuss the proposed Monterey County Regional Fire/Carmel Fire Protection District.

5. JPIA Liaison:

No comments.

6. FORA:

President Nishi stated that the Seaside Main Gate Consistency Determination was discussed.

7. Executive Committee:

No meeting was held.

8. Community Outreach:

Director Gustafson commented that there has been a lot of ancillary outreach due to the upcoming elections.

9. Special Districts Association Liaison:

Director Gustafson stated that the next meeting was scheduled for October 19th.

E. Director's Comments:

Director Burns asked if the Inspector the District just hired was responsible for looking at the work being done within the District. Mr. Niizawa commented that the District only deals with the foreman and the foreman deals with the subcontractor to make sure the work is performed correctly. The District will look at the work and either accepts it if done properly or doesn't if it was not done properly.

Director Burns noted that the Santa Cruz Water District is giving away gray water rebates and suggested the Water Conservation Commission look into it.

Director Burns asked Mr. Heitzman to give an update in the next few months on the negotiations with the MRWPCA regarding Outfall Capacity issues.

Director Burns thanked the Board and staff for the flowers he received while convalescing.

Director Moore stated that at the last meeting he asked to have a report about obtaining video equipment so the District doesn't have to rely on volunteers to film the meetings. He asked that the price of installing the equipment be provided at the next Board meeting.

Agenda Item 11-E (continued):

Director Gustafson commented that none of the construction work will be passed without it being done correctly and passing the Quality Assurance/Quality Control test the District requires. Director Gustafson voiced his appreciation of the work done on the apprentice program. He also commented that maybe the staff can look into an insurance program for customers that would add a small fee to their bills to help when there is a break in the water lines that causes large water bills. Mr. Heitzman commented that Smart Meters essentially do that for customers and some Districts are looking into supplying those meters to their customers.

Vice President Lee complimented the caliber of people that the District has on hand and the team-building efforts are unlike any he has seen. The laudatory comments he hears emphasize what a world class operation the District has.

President Nishi commented that he is glad the Board is working better together and more can be accomplished when working as a team and keeping everything positive.

13. Adjournment:

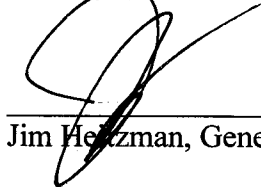
The meeting was adjourned at 8:18 p.m.

APPROVED:



Kenneth K. Nishi, President

ATTEST.



Jim Heitzman, General Manager