



MARINA COAST WATER DISTRICT

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DIRECTORS

HOWARD GUSTAFSON
President

PETER LE
Vice President

THOMAS P. MOORE
WILLIAM Y. LEE
JAN SHRINER

Agenda

Regular Board Meeting, Board of Directors Marina Coast Water District

Marina Council Chambers
211 Hillcrest Avenue, Marina, California
Monday, August 3, 2015, 6:30 p.m. PST

This meeting has been noticed according to the Brown Act rules. The Board of Directors meet regularly on the first and third Monday of each month. The meetings normally begin at 6:30 p.m. and are held at the City of Marina Council Chambers at 211 Hillcrest Avenue, Marina, California.

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. 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.*

4. Closed Session

A. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Existing Litigation
(Subdivision (a) of Section 54956.9)

- 1) Ag Land Trust v. Marina Coast Water District, Monterey County Superior Court Case No. M105019; Sixth Appellate District Court of Appeals Case Nos. H038550 and H039559

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 City of Marina Council Chambers. 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): District offices at 11 Reservation Road, Seaside City Hall, the City of Marina Library, and the City of Seaside Library. A complete Board packet containing all enclosures and staff materials will be available for public review on Wednesday, July 29, 2015. Copies will also be available at the Board meeting. 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.

- 2) In the Matter of the Application of California-American Water Company (U210W) for Approval of the Monterey Peninsula Water Supply Project and Authorization to Recover All Present and Future Costs in Rates, California Public Utilities Commission No. A.12-04-019 & A.13-05-017 Settlement Agreement
- 3) California-American Water Company vs Marina Coast Water District; Monterey County Water Resources Agency; and Does 1 through 10, San Francisco Superior Court Case No. CGC-13-528312 (Complaint for Declaratory Relief)
- 4) Marina Coast Water District v, California Coastal Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CGC-13-528312 (Petition for Writ of Mandate).
- 5) Marina Coast Water District v, California State Lands Commission (California-American Water Company, Real Party in Interest), case number pending (Petition for Writ of Mandate)

- B. Pursuant to Government Code 54956.8
Conference with Real Property Negotiator
Property: Recycled Water Pipeline, Recycled Water
Agency Negotiators: Peter Le and Howard Gustafson
Negotiating parties: MRWPCA, MCWRA, MPWMD, City of Salinas, and others.
Under Negotiation: Price and Terms
- C. Pursuant to Government Code 54956.8
Conference with Real Property Negotiator
Property: Sewer Infrastructure
Negotiating parties: Howard Gustafson and Peter Le
Under Negotiation: Price and Terms
- D. Pursuant to Government Code 54956.9
Conference with Legal Counsel – Anticipated Litigation
Initiation of Litigation pursuant to Government Code Section 54956.9(d)(4)
One Potential Case

7:00 p.m. Reconvene Open Session

5. **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.*
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 four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board.*

8. Presentation

- A. Consider Adoption of Resolution No. 2015-41 to Recognize Kelly Cadiente, Director of Administrative Services, and Awarding a Plaque and Gift Certificate for 5 Years of Service to the Marina Coast Water District

Action: The Board will consider adopting Resolution No. 2015-41 recognizing Kelly Cadiente, Director of Administrative Services, and awarding a plaque and gift certificate for 5 years of service to the Marina Coast Water District.

9. **Consent Calendar** Board approval can be taken with a single motion and vote. A Board member or member of the public may request that any item be pulled from the Consent Calendar for separate consideration at this meeting or a subsequent meeting. The public may address the Board on any Consent Calendar item. Please limit your comment to four minutes.

- A. Approve the Draft Minutes of the Regular Board Meeting of July 20, 2015

10. **Action Items** 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. Receive a Final Report on the District's \$30,955,000 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A and Federally Taxable Series B

Action: The Board of Directors will receive a final report on the District's \$30,955,000 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A and Federally Taxable Series B.

- B. Discussion and Possible Action to Consider Adoption of Resolution No. 2015-42 to Accept the Infrastructure Improvements Installed Under a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement between Marina Coast Water District and AmCal Monterey Bay, LLC

Action: The Board of Directors will consider accepting the infrastructure improvements installed under a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement between Marina Coast Water District and AmCal Monterey Bay, LLC.

- C. Discussion and Possible Action to Receive an Update on the Ord Community Annexation and Consider Any Direction to Staff on the Matter

Action: The Board of Directors will consider directing staff to begin the annexation process for the Ord Community.

- D. Discussion and Possible Action to Consider Providing Direction Regarding District Comments to the Monterey County Civil Grand Jury Report

Action: The Board of Directors will consider providing direction regarding District comments to the Monterey County Civil Grand Jury Report.

- E. Discussion and Possible Action to Ratify the Amendment to the Director Appointments to the Monterey Regional Water Pollution Control Agency Board of Director's

Action: The Board of Directors will consider ratifying the amendment to the Director appointments to the Monterey Regional Water Pollution Control Agency Board of Director's.

- 11. Informational Items** *Informational items are normally provided in the form of a written report or verbal update and may not require Board action. The public may address the Board on Informational Items as they are considered by the Board. Please limit your comments to four minutes.*

- A. General Manager's Report

- B. Counsel's Report

- C. Committee and Board Liaison Reports

- | | |
|-----------------------------------|-----------------------------------|
| 1. Water Conservation Commission | 7. LAFCO Liaison |
| 2. Joint City-District Committee | 8. FORA |
| 3. Executive Committee | 9. WWOC Report |
| 4. Community Outreach Committee | 10. JPIA Liaison |
| 5. Budget and Personnel Committee | 11. Special Districts Association |
| 6. MRWPCA Board Member Liaison | |

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

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

*Regular Meeting: Tuesday, September 8, 2015, 6:30 p.m.,
Marina Council Chambers, 211 Hillcrest Avenue, Marina*

Marina Coast Water District
Agenda Transmittal

Agenda Item: 8-A

Meeting Date: August 3, 2015

Requested By: Bill Kocher

Approved By: Bill Kocher

Agenda Title: Consider Adoption of Resolution No. 2015-41 to Recognize Kelly Cadiente, Director of Administrative Services, and Awarding a Plaque and Gift Certificate for 5 Years of Service to the Marina Coast Water District

Staff Recommendation: That the Board adopt a resolution recognizing Kelly Cadiente for five years of excellent service to the Marina Coast Water District.

Background: *2015 Strategic Plan Mission Statement – To 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.*

Kelly Cadiente joined the District on July 30, 2010 from the Monterey County Pollution Control Agency and transitioned instantly into this public sector agency already having knowledge of the finances of a California Special District. Because of her knowledge and experience, Kelly seamlessly assumed oversight and responsibility for financial and technology services management and the customer service department.

Discussion/Analysis: In her five years with the District, Kelly has served the District professionally and has put her professional mark on the District's administrative services activities. She has also compiled a significant list of accomplishments that have led to direct improvements to customer services, information technology advancements, support to the Board of Directors and greater staff efficiencies.

In her first five years with the District, Kelly has attended sixty Water and Wastewater Committee meetings, fifteen of which were to present compensation plans. She has overseen the preparation of ten annual budgets, one each year for Ord and one for Central Marina. She has worked with the Board to select auditing firms and has worked with those firms on the District's complex financial matters. She has overseen the update to the District's financial software, prepared and presented bond rating meetings, and most recently initiated, recommended consultants, and reissuance of District revenue bonds literally saving the Districts millions of dollars over the life of the bonds.

She and her staff have continued the District's impressive qualification for a Certificate in Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association.

Kelly Cadiente is very deserving of the District's thanks and its recognition of her five years of service to the Marina Coast Water District, and wishes her encouragement in her continued service to the District.

Environmental Review Compliance: None required.

Financial Impact: X Yes No Funding Source/Recap: Expenditures for plaque and gift certificate is allocated across four cost centers from the Hospitality & Awards account.

Make no mistake, it is irrefutable that while the action to congratulate Kelly has little fiscal impact to the District, her first five years with the District certainly has had a huge positive financial impact to the District.

Other Considerations: None.

Material Included for Information/Consideration: Resolution No. 2015-41.

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

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

August 3, 2015

Resolution No. 2015-41
Resolution of the Board of Directors
Marina Coast Water District
In Recognition of Kelly Cadiente, Director of Administrative Services, for
5 Years of Service to the Marina Coast Water District

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on August 3, 2015 at 211 Hillcrest Avenue, Marina, California as follows:

WHEREAS, Kelly Cadiente joined the District on July 30, 2010 as Director of Administrative Services; and,

WHEREAS, Kelly has compiled a significant list of accomplishments that have led to direct improvements to customer services, information technology advancements, support to the Board of Directors and greater staff efficiencies; and,

WHEREAS, has overseen the update to the District’s financial software, prepared and presented bond rating meetings, and most recently initiated, recommended consultants, and reissuance of District revenue bonds literally saving the Districts millions of dollars over the life of the bonds; and,

WHEREAS, Kelly and her staff have continued the District impressive qualification for a Certificate in Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby express its gratitude and recognizes Kelly Cadiente for five years of service to the Marina Coast Water District, and wishes her continued success with the District.

PASSED AND ADOPTED on August 3, 2015, 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 _____

Howard Gustafson, President

ATTEST:

Keith Van Der Maaten, 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. 2015-41 adopted August 3, 2015.

Keith Van Der Maaten, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9

Meeting Date: August 3, 2015

Prepared By: Paula Riso

Approved By: Bill Kocher

Agenda Title: Consent Calendar

Staff Recommendation: The Board of Directors approve the Consent Calendar as presented.

Background: *2015 Strategic Plan Mission Statement – To 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.*

Consent calendar consisting of:

- A) Approve the Draft Minutes of the Regular Board Meeting of July 20, 2015

Discussion/Analysis: See individual transmittals.

Environmental Review Compliance: None required.

Other Considerations: The Board of Directors can approve these items together or the Board can pull these items and discuss each one individually.

Material Included for Information/Consideration: The draft minutes of July 20, 2015.

Action Required: _____Resolution X Motion _____Review
(Roll call vote is required.)

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-A

Meeting Date: August 3, 2015

Prepared By: Paula Riso

Approved By: Bill Kocher

Agenda Title: Approve the Draft Minutes of the Regular Board Meeting of July 20, 2015

Staff Recommendation: The Board of Directors approve the draft minutes of the July 20, 2015 regular Board meeting.

Background: *2015 Strategic Plan, Mission Statement – We Provide 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: The draft minutes of July 20, 2015 are provided for the Board to consider approval.

Environmental Review Compliance: None required.

Financial Impact: _____Yes ___X___No Funding Source/Recap: None

Other Considerations: The Board can suggest changes/corrections to the minutes.

Material Included for Information/Consideration: Draft minutes of July 20, 2015.

Action Required: _____Resolution ___X___Motion _____Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-A

Meeting Date: August 3, 2015

Prepared By: Kelly Cadiente

Approved By: Bill Kocher

Agenda Title: Receive a Final Report on the District's \$30,955,000 2015 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A and Federally Taxable Series B

Staff Recommendation: The Board receives the final report on the District's \$30,955,000 Senior Lien Enterprise Revenue Refunding Bonds, Tax-Exempt Series A and Federally Taxable Series B.

Background: On August 23, 2006, the District issued its Certificates of Participation, Series 2006, in the principal amount of \$42,310,000, for the purpose of financing improvements to the District's water and wastewater systems and refinance prior obligations. On April 20, 2015, the Board adopted Resolution No. 2015-18 authorizing the refunding of the outstanding 2006 Certificates of Participation with BOSC, Inc. as the underwriter, Jones Hall as bond counsel, and directed staff to issue a RFP for a Financial Advisor for the refunding. On May 18, 2015, the Board adopted Resolution No. 2015-22 approving a contract with Fieldman, Rolapp & Associates to provide financial advisory services to the District. On June 4, 2015 the Board adopted Resolution No. 2015-25 authorizing the issuance and sale of the 2015 Senior Lien Enterprise Revenue Refunding Bonds to refinance prior 2006 Enterprise Revenue Certificates of Participation and approving related Documents and Actions.

Discussion/Analysis: Upon receiving approval to proceed with the refinancing of the 2006 Enterprise Revenue Certificates of Participation, the financing team proceeded with presenting the financing to Standard and Poor's Rating Agency to review the District's Bond Rating. The District received an AA- Rating with a Stable Outlook for S&P. Some of the supporting criteria for this rating included, "the Service Area income levels are considered good, affordable service rates, with rate increases approved through 2018 and consistently strong liquidity."

The Underwriter, BOSC, Inc., with the District's AA- rating in hand, along with the District's Preliminary Official Statement (disclosure document) spent a week marketing the 2015 Enterprise Revenue Refunding Bonds to potential investors. On June 30, the District's bonds were placed with several different investors and at the time of commitment, BOSC, Inc, offered to underwrite approximately \$5 million of the Bonds in order to lock in interest rates and take the market risk away from the District. The Finance Closed on July 15, 2015.

The Refunding that the District completed is an advance refunding (refinancing) of its outstanding 2006 Certificates of Participation (COPs) in the amount of \$35,170,000. Because the bonds are not callable until June 1, 2016, the District has refunded the bonds by creating an escrow account that will pay the bonds when they are due and callable. The escrow account was funded with treasury securities.

The District will be saving approximately \$2.6 million on a net present value savings or 7.52% of refunded bonds. In terms of cash flow savings, the District will save approximately \$220,000 per year (through 2036) in bond interest with the exception of 2020 when the District will save approximately \$698,000.

Environmental Review Compliance: None required.

Financial Impact Yes _____ No Funding Source/Recap: The savings associated with the refunding will be allocated based on the outstanding 2006 COPs as follows: Marina Water (MW) – 8%; Marina Sewer (MS) – 5%; Ord Water (OW) – 51%; Ord Sewer (OS) – 22%; Recycled Water (RW) – 14%

Other Considerations: None.

Material Included for Information/Consideration: None.

Action Required: _____ Resolution _____ Motion Review

Board Action

Motion By: _____ Seconded By: _____ No Action Taken: _____

Ayes: _____ Abstained: _____

Noes: _____ Absent: _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-B

Meeting Date: August 3, 2012

Prepared By: Patrick Breen

Approved By: Bill Kocher

Presented By: Mike Wegely

Agenda Title: Discussion and Possible Action to Consider Adoption of Resolution No. 2015-42 to Accept the Infrastructure Improvements Installed Under a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement between the Marina Coast Water District and AMCAL Monterey Bay, LLC.

Staff Recommendation: The Board adopt Resolution No. 2015-42 accepting the infrastructure improvements installed under the Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement between the Marina Coast Water District and AMCAL Monterey Bay, LLC.

Background: *Five-year Strategic Plan, Strategic Element 2.0 Infrastructure – Our objective is to provide a high quality water distribution system and an efficiently operating wastewater collection system to serve existing and future customers. Through the master planning process, our infrastructure strategy is to carefully maintain our existing systems and ensure future additions and replacements will meet District Standards.*

AMCAL Monterey Bay, LLC is constructing The Promontory development project in the City of Marina portion of the Ord Community. The District entered into a Construction and Transfer of Water, Sewer, and Recycled Water Infrastructure Agreement (Infrastructure Agreement) with AMCAL Monterey Bay, LLC by adopting Resolution No. 2013-59 on November 4, 2013.

Discussion/Analysis: AMCAL Monterey Bay, LLC installed the off-site and on-site improvements on behalf of MCWD. The on-site improvements made by AMCAL Monterey Bay, LLC for which acceptance of ownership is requested includes potable water pipelines and appurtenances, a recycled water pipeline, and sanitary sewer pipelines and appurtenances. A more detailed break-down of the infrastructure to be owned by MCWD may be found in the attached Bill of Sale. The total value of the infrastructure to be transferred to MCWD for ownership sums to approximately \$591,441.

The construction work was largely inspected and witnessed by Harris & Associates; their letter report – that includes their recommendation that it is appropriate for MCWD to own the installed infrastructure – is attached.

Under the terms of the Infrastructure Agreement, MCWD requires the following items prior to final acceptance:

- Final inspection and walk-through by MCWD to verify completion of all punch-list items
- Completed easements for all pipelines outside of public rights-of-way or easements
- Conveyance of the property to MCWD by means of a bill-of-sale
- Submission of As-Built drawings for the work

- Submission of a One-Year Warranty Bond

The developer and MCWD conducted a punch-list walk-through and the associated corrective work was completed on July 22, 2015. The easements appropriate for this transfer-of-ownership transaction were recorded in Monterey County on July 28, 2015; all currently proposed MCWD assets are located within the public right-of-way or easements in MCWD's favor (see attached easement document and associated plat maps). A Bill of Sale signed by the developer and awaiting this Board-action for Acceptance is attached as noted above. As-built drawings for the improvements described above were received and accepted as of July 14, 2015. A One-Year Warranty Bond, for approximately 20% of the infrastructure value enumerated above, is attached. In accord with the Infrastructure Agreement, this list fulfills the District's requirements and conditions for accepting ownership of the installed infrastructure.

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: There is no direct cost to MCWD in these transactions; however, a near-term future increase in operational and maintenance costs may be reasonably anticipated within the Ord Water and Ord Sewer cost centers as well as in increase in the Recycled Water cost center in the more distant future.

Other Considerations: None recommended.

Material Included for Information/Consideration: Resolution No. 2015-42; Harris & Associates letter report; recorded Easement document; Bill of Sale signed by AMCAL Monterey Bay, LLC; and Warranty Bond.

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

Board Action

Motion By: _____ Seconded By: _____ No Action Taken: _____

Ayes: _____ Abstained: _____

Noes: _____ Absent: _____

August 3, 2015

Resolution No. 2015-42
Resolution of the Board of Directors
Marina Coast Water District
Accepting the Infrastructure Improvements Installed Under a Construction and Transfer of
Water, Sewer, and Recycled Water Infrastructure Agreement
Between Marina Coast Water District and AMCAL Monterey Bay, LLC;

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on August 3, 2015 at 211 Hillcrest Avenue, Marina, California as follows:

WHEREAS, AMCAL Monterey Bay, LLC, a California limited partnership (“Developer”), has constructed water, sewer and recycled water infrastructure for their The Promontory development project in the Ord Community portion of the City of Marina; and,

WHEREAS, the Developer entered into a Construction and Transfer of Water, Sewer and Recycled Water Infrastructure Agreement with the District on November 4, 2013; and,

WHEREAS, construction of the water, sewer and recycled water infrastructure is now complete for The Promontory development project and the Developer has satisfied all of the close-out conditions required in the Infrastructure Agreement; and,

WHEREAS, the Developer requests that the District take ownership of the installed infrastructure.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby accept the transfer of ownership of the Water, Sewer, and Recycled Water Infrastructure for the The Promontory development project and directs the General Manager and/or Deputy General Manager/District Engineer 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 3, 2015, 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 _____

Howard Gustafson, President

ATTEST:

Keith Van Der Maaten, 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. 2015-42 adopted August 3, 2015.

Keith Van Der Maaten, Secretary

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-C

Meeting Date: August 3, 2015

Prepared By: Bill Kocher

Approved By: Bill Kocher

Agenda Title: Receive an Update on the Ord Community Annexation and Consider Any Direction to Staff on the Matter

Staff Recommendation: The Board of Directors is requested to:

- (1) Receive an update on the Ord Community annexation process, the next steps in this process and a summary of the key issues raised in the written comments on the Proposed Project and the Draft Initial Study / Negative Declaration (Draft IS/ND) for the Ord Community Sphere of Influence Amendment and Service Area Annexation
- (2) Consider Direction to Staff on reinitiating this process with the following Board direction:
 - a. Direct staff on Board's preferred proposed annexation area and boundary adjustment and to engage consultants to revise and recirculate the Draft IS/ND.
 - b. Direct staff to meet with Local Agency Formation Commission Staff to reinitiate the Ord Community Annexation and Sphere of Influence amendment with a smaller area of proposed annexation.

Background: The District currently provides water, wastewater and hopefully in the near future, recycled water service to the former Fort Ord (Ord Community) under the Water/Wastewater Facilities Agreement with the Fort Ord Reuse Authority (FORA), dated March 13, 1998. The term of the agreement is coincident with the legal existence of FORA. FORA is a public corporation of the State of California established by the FORA Act, and would have ceased to exist in 2014 without amendment of the FORA act by the Legislature.

Amending the District sphere of influence and service area boundary is an action under the Local Agency Formation Commission of Monterey County (LAFCO). The Board of MCWD held a public hearing to address the proposed annexation and service area boundary request and directed the preparation of a CEQA document. A Draft Initial Study/Negative Declaration (IS/ND) was prepared to accompany the future LAFCO application. This IS/ND was circulated for public review on October 31, 2011. Written comments were received through December 15, 2011, and a public hearing to receive oral comments was held on January 10, 2012. The proposed project in the IS/ND as directed by Board action included amending the MCWD Sphere of Influence (SOI) and Service Area (SA) to include all former Fort Ord lands within its service area boundary.

The District received written comments from thirteen individuals and agencies on the IS/ND as shown on the attached. There were a number of issues raised by the comments; these are presented below. The primary issue raised overall was the inclusion of the entirety of the former Fort Ord lands within the Districts SOI and SA. At the January 10, 2012 meeting, staff also recommended that the Board of Directors appoint an Ad Hoc Committee to review these issues in detail, meet with the affected jurisdictions as needed, provide guidance to Staff and return

recommendations to the full Board of Directors on a revised annexation and sphere of influence boundary adjustment request.

Boundary Issues Identified: In particular, three issues on the boundary adjustments were noted that required Board direction during the previous Board hearing on the matter held on January 10, 2012:

1. LAFCO and other commenters stated that the annexation of dedicated open space areas into the District service area would result in inconsistencies with LAFCO policy. Commenters objected to the scope and boundary of the proposed project and suggested that the District did not need to annex the majority of the former Fort Ord particularly those areas that were within the State Parks and BLM areas. LAFCO also pointed out that special districts are not required to have contiguous boundaries as cities are, and therefore the isolated offices and visitor-serving facilities within dedicated open space areas may be served by “island” annexation, government-to-government contract, or other. The lands owned by BLM and California State Parks need not be annexed to provide water and sewer service to select sites.

2. LAFCO pointed out the Seaside County Sanitation District (SCSD) had previously annexed all of Del Rey Oaks into its service area for wastewater collection service. Per the Cortese-Know-Hertzberg Local Government Reorganization Act of 2000 (as amended, Government Code Section 56668 d.), only one agency may provide municipal services (in this case, wastewater collection) within a given service area. The City of Del Rey Oaks also submitted a comment stating the City’s position that former Fort Ord areas of Del Rey Oaks should be served by the SCSD based upon the action cited above as well as previous decisions between the City and the City of Seaside and the SCSD. Per the citation above, this area may be served for water only, or the two Districts may meet and agree upon a revised boundary for one or both. SCSD submitted a letter expressing their interest in providing wastewater service to all of the development parcels south of Eucalyptus Road in the Ord Community. The previous staff report on this item suggested Board direction was needed on the above.

3. LAFCO and the City of Seaside noted that MCWD currently provides water and wastewater service to Seaside High School, but the school property is located outside the boundary of the former Fort Ord as of the date of the base closure; therefore, this property was excluded from the proposed sphere of influence and annexation area. The letters recommended this parcel be added to the proposed sphere and service area pending Board direction.

Boundary Adjustments/Next Steps:

Annexation of a part of the Ord Community into the District service area and/or sphere of influence will require approval of the Local Agency Formation Commission of Monterey County (LAFCO).

The LAFCO application must be accompanied by an appropriate CEQA document, either a Negative Declaration or an Environmental Impact Report. Additionally, the District must take

the action of certifying the CEQA document and approving the annexation and boundary adjustment prior to application to LAFCO.

The application should also be endorsed by the affected land use jurisdictions.

LAFCO previously indicated that an application for change of sphere of influence and annexation of new areas will not be considered with the unresolved issues identified above. Revising and reducing the sphere amendment and service area boundary request will reduce the issues associated with the LAFCO actions identified above.

The Board is considering revising the SOI amendment and SA request to the existing service area boundary of the District be defined as a yet-to-be-mapped area in the Ord Community that lies within a line drawn around the outmost boundary of all parcels currently receiving water or sewer service from the Marina Coast Water District.

Board Previously Authorized Contract for Services: Denise Duffy & Associates (DD&A) prepared the IS/ND under contract with the District; DD&A is still under contract to provide CEQA and LAFCO application support for their proposed former Ord Community Annexation process. The contract could be revised to include the updated CEQA document reflecting the revised project boundaries. In addition to the IS/ND, preparation and submittal of an application to LAFCO to annex specified areas of the former Fort Ord into the District LAFCO jurisdictional boundary and to amend the District's Sphere of Influence would be required.

DD&A worked closely with Andy Sterbenz, Schaaf & Wheeler, and District staff on the previous IS/ND. DD&A has been consulted and has indicated that they will prepare a formal scope of work and cost estimate to continue the effort for CEQA documentation and LAFCO application submittal previously authorized by the Board. Estimated DD&A costs for CEQA documentation and a draft LAFCO application including MCWD resolutions for the application are \$33,000 to \$45,000 depending on revisions to the CEQA document and extent of the application support by MCWD. This cost does not include the engineered maps or drawings required for LAFCO applications which would be provided by the District and/or Schaaf & Wheeler when the application materials are developed.

The suggested next steps include:

Provide Board input on the regarding the proposed project definition for CEQA (i.e., define the project or the specified areas of the former Fort Ord that would be requested for annexation into the District LAFCO jurisdictional boundary and areas to amend the District's Sphere of Influence).

1. Direct staff to cause to be drawn maps showing the proposed SOI and SA requests for the Ord Community.
2. Direct staff to meet with Local Agency Formation Commission Staff to reinstate the Ord Community Annexation and Sphere of Influence amendment with a smaller area of proposed annexation.
3. Authorize staff to have DD&A proceed with revising the Draft IS/ND, including recirculation of the CEQA document addressing comments received during public review period of the IS/ND and subsequent revised boundary adjustments based upon Board

direction above. If needed, provide an updated project description to the Board for review and approval prior to IS/ND revision.

4. Complete and recirculate the IS/ND; bring comments on the IS/ND to Board after close of public review period.
5. After review of comments, complete the CEQA document to respond to comments.
6. Board must then consider the IS/ND for certification; at that meeting, Board also receives a staff report and approves the boundary revisions (needed prior to LAFCO application submittal).
7. Request appropriate approvals from area jurisdictions.
8. Prepare and submit the application to LAFCO to annex specified areas of the former Fort Ord into the District LAFCO jurisdictional boundary and to amend the District's Sphere of Influence would be required.

Environmental Review Compliance: An Environmental Impact Report is not considered necessary for this project under CEQA. A Draft Initial Study/Negative Declaration was previously prepared and circulated for public review. However, with the updated project description for the areas of annexation and boundary adjustments, this document will need to be updated. Depending upon the number and type of changes made to the Draft Initial Study in response to comments and Board direction, the document should be recirculated for public review and comment prior to final consideration by the Board of Directors.

Prior Committee or Board Action: The Board of Directors has taken a series of actions accepting responsibility for the provision of water, wastewater and recycled water service to the Ord Community. Key actions include:

- Entering into Water/Wastewater Facilities Agreement with FORA, March 13, 1998
- Submitting a Public Benefit Conveyance Application for the Fort Ord Water and Sewer Facilities, 1999
- Accepting the title to and easements for the Water and Sewer infrastructure on the former Fort Ord, Resolution 2001-52, October 24, 2001
- Forming the Ord Community Ad Hoc Committee to make recommendations to the Board regarding annexation of the Ord Community to the District service area.
- Directing District Staff to Work with LAFCO Staff to Initiate an Annexation Process of Any or All of the Ord Community, Resolution 2010-43, June 22, 2010
- Directing District Staff to Initiate the CEQA Process and Prepare a Draft LAFCO Application for Future Consideration, Resolution 2011-68, September 13, 2011
- Consideration of the comment letters and the Draft IS/MND at the January 10, 2012 meeting and formation of an Ad Hoc Committee to direct revisions to the annexation areas.

Financial Impact: Yes No **Funding Source/Recap:** There are no funds included in the current budget for this work. If the Board chooses to proceed with this work, staff would need to work with DD&A and Schaaf & Wheeler to better estimate costs and would need to return to the Board with a budget adjustment at a future meeting. Estimated costs as this time are approximately \$50,000-\$75,000.

Other Considerations: As mentioned in this transmittal, LAFCO previously indicated that an application for change of sphere of influence and annexation of new areas will not be considered with the unresolved issues surrounding the Seaside County Sanitation District and other parcels.

Revising and reducing the sphere amendment and service area boundary request will reduce the issues associated with the LAFCO actions identified above, but perhaps not totally resolve them suggesting that another option for the Board might be to attempt to resolve those other issues prior to submitting an application for SOI amendment and SA request to LAFCO.

Material Included for Information/Consideration:

- List of commenters on the 2011 Draft IS/ND

Staff Recommendation: The Board of Directors receives an update on the Ord Community Annexation and requests direction on revised application boundary for service area adjustments to address the key issues. Also, the Board of Directors directs staff to reinitiate the LAFCO process including the CEQA documentation.

Action Required: _____Resolution X Motion _____Review

Board Action

Motion By: _____ Seconded By: _____ No Action Taken: _____

Ayes: _____

Abstained: _____

Noes: _____

Absent: _____

**MCWD Ord Community SOI Amendment and
Service Area Annexation IS/ND Comment Letters Updated (December 19, 2011)**

Commenter	Date Received
A - Monterey Peninsula Water Management District	11/14/2011
B - City of Del Rey Oaks	11/18/2011
C - LandWatch Monterey County	11/21/2011
D - California State Clearinghouse and Planning Unit	11/28/2011
E - Monterey County Planning Department	11/28/2011
F - Monterey Bay Unified Air Pollution Control District	12/1/2011
G - Local Agency Formation Commission Monterey County	12/12/2011
H - City of Marina	12/12/2011
I - Seaside County Sanitation District	12/13/2011
J - City of Monterey	12/14/2011
K - Monterey Peninsula Water Management District	12/15/2011
L - Monterey Regional Water Pollution Control Agency	12/15/2011
M - Law Offices of Michael W. Stamp	12/15/2011

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-D

Meeting Date: August 3, 2015

Prepared By: Bill Kocher

Approved By: Bill Kocher

Agenda Title: Discussion and Possible Action to Consider Providing Direction Regarding District Comments to the Monterey County Civil Grand Jury Report

Staff Recommendation: That the Board of Directors consider a draft letter responding to the 2014-2015 Monterey County Civil Grand Jury Final Report No. 3 and give direction to staff.

Background: On June 1, the District received the Monterey County Civil Grand Jury Final Report No. 3, titled, "A Glass Half Full? The Monterey Peninsula Water Management District and the Marina Coast Water District." The District must submit comments on the report as stipulated within the report to the Presiding Judge of the Superior Court within ninety (90) days of its submittal, which was May 28, 2015 (received by MCWD on June 1).

Discussion/Analysis: Staff has prepared a draft letter of response for Board review and possible edits. Because the District response is not due until after the Board's second meeting in August, on August 17th Directors do not have to provide comments on the draft at this meeting.

Environmental Review Compliance: None required.

Financial Impact: ___ Yes ___ X No Funding Source/Recap: None.

Other Considerations: Penal Code Section 933 requires a District response to this report so responding is not optional. However, the Board may certainly choose to not use the draft responses included as an attachment to this Transmittal, choosing instead to have the Board prepare a response.

Material Included for Information/Consideration: Draft letter of response for MCWD President signature.

Action Required: ___ Resolution ___ X Motion ___ X Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 9-E

Meeting Date: August 3, 2015

Prepared By: Paula Riso

Approved By: Bill Kocher

Agenda Title: Discussion and Possible Action to Ratify the Amendment to the Director Appointments to the Monterey Regional Water Pollution Control Agency

Staff Recommendation: The Board of Directors consider ratifying the Director appointment to the Monterey Regional Water Pollution Control Agency (MRWPCA) Board of Director's.

Background: *2015 Strategic Plan Mission Statement – To 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.*

On January 5, 2015, the Board approved the Committee appointments to Standing Committees and liaison's to outside agencies.

Discussion/Analysis: In January, the Board appointed Vice President Le as the Board member to the MRWPCA and Director Lee as the alternate. The MRWPCA held a Board meeting on July 27, 2015, and both Vice President Le and Director Lee were unavailable to attend. President Gustafson therefore appointed himself as the alternate to the MRWPCA Board of Directors. This action will ratify the action President Gustafson took.

Environmental Review Compliance: None required.

Financial Impact: _____Yes X No Funding Source/Recap: None.

Other Considerations: None recommended.

Material Included for Information/Consideration: None.

Action Required: _____Resolution X Motion _____Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____ Abstained _____

Noes _____ Absent _____