



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

Home Page: www.mcwd.org

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DIRECTORS

HOWARD GUSTAFSON
President

THOMAS P. MOORE
Vice President

WILLIAM Y. LEE
JAN SHRINER
HERBERT CORTEZ

Agenda

**Regular Board Meeting, Board of Directors
Marina Coast Water District
and**

**Regular Board Meeting, Board of Directors
Marina Coast Water District Groundwater Sustainability Agency**

Marina Council Chambers

211 Hillcrest Avenue, Marina, California

Monday, December 18, 2017, 6:30 p.m. PST

This meeting has been noticed according to the Brown Act rules. The Board of Directors meet regularly on the third Monday of each month with workshops scheduled for the first Monday of some months. 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

- 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, December 13, 2017. 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) Marina Coast Water District v. California Public Utilities Commission, California Supreme Court Case No. S230728, Writ of Review
- 4) 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); First Appellate District Court of Appeals Case No. A145604
- 5) Marina Coast Water District vs. California-American Water Company, Monterey County Water Resources Agency, and Does 1 through 50, San Francisco Superior Court Case No. CGC-15-547125 (Complaint for Breach of Warranties, etc.)
- 6) Marina Coast Water District v, California Coastal Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CV180839 (Petition for Writ of Mandate). Sixth District Court of Appeal Case No. H042742
- 7) Marina Coast Water District v, California State Lands Commission (California-American Water Company, Real Party in Interest), Santa Cruz County Superior Court Case No. CV180895 (Petition for Writ of Mandate)

B. Pursuant to Government Code 54956.8

Conference with Real Property Negotiator

Property: Sewer Infrastructure

Negotiating parties: Howard Gustafson, Thomas Moore

Under Negotiation: Price and Terms

C. Pursuant to Government Code 54956.9 (d)(2)

Conference with Legal Counsel – Anticipated Litigation

Significant exposure to Litigation – One Potential Case

D. Pursuant to Government Code 54957

Public Employee Discipline/Dismissal/Release

Conference only with District Legal Counsel on procedural matters; no substantive issues shall be discussed.

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. Election of Board President and Vice-President

Action: The Board will elect two Directors to serve as President and Vice-President of the Board until December 2018.

- 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. Receive and File the Check Register for the Month of November 2017
- B. Receive the Quarterly Financials for April 1, 2017 to June 30, 2017
- C. Approve the Draft Minutes of the Joint Board/GSA Meeting of November 20, 2017
- D. Approve the Draft Minutes of the Joint Board/GSA Meeting and Rate Study Workshop #3 of December 4, 2017
- E. Approve the Proposed Regular Board/GSA Meeting and Workshop Meeting Schedule for 2018

- 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. Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the Fiscal Year ended June 30, 2017

Action: The Board of Directors will consider accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the fiscal year ended June 30, 2017.

- B. Receive Presentation of the Revised Draft 5-Year Rate Study Financial Plan; and Provide Direction to Staff Regarding Preparation of the Final Rate Study

Action: The Board of Directors will receive a revised Rate Study and provide direction to staff.

- C. Receive the Draft District FY 2018-2019 Budget Schedule and Set Date for the 2018-2019 Budget Workshop

Action: The Board of Directors will receive the draft FY 2018-2019 budget schedule and set a date for the 2018-2019 budget workshop.

- D. Consider Authorizing the Participation in Professionally Facilitated Mediation Regarding Conflicts with the Proposed Monterey Peninsula Water Supply Project and to Fund up to \$7,000 for MCWD's share of the Mediation Costs

Action: The Board of Directors will consider authorizing an expenditure to participate in professionally facilitated mediation regarding conflicts with the proposed Monterey Peninsula Water Supply Project and to fund up to \$7,000 for MCWD's share of the mediation costs.

- E. Consider Director Appointments to Standing Committees of the Board and to Outside Agencies for 2018, and as Negotiators to any Ad Hoc Committees of the Board

Action: The Board of Directors will consider appointing Directors to Standing Committees of the Board and to Outside Agencies for 2018, and as negotiators to any Ad Hoc Committees of the Board.

- F. Receive Justification for the Budgeted Rate Increases Effective January 1, 2018

Action: The Board of Directors will receive the justification for the budgeted rate increase effective January 1, 2018.

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. M1W Board Member Liaison | 12. SVBGSA Liaison |

12. Correspondence

13. Board Member Requests for Future Agenda Items

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

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

*Monday, January 22, 2018, 6:30 p.m.,
Marina Council Chambers, 211 Hillcrest Avenue, Marina*

Marina Coast Water District
Agenda Transmittal

Agenda Item: 8

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Election of Board President and Vice-President

Staff Recommendation: The Board of Directors elect a President and Vice-President to serve the next 1-year term.

Background: *5-Year Strategic Plan, Mission Statement – 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.*

Discussion/Analysis: The Board Procedures Manual last revised on July 5, 2016 states in part:

“The Board of Directors shall have a President who is elected by the Board from among the five directors. The President shall be elected annually in the month of December but not before any newly elected or reelected director(s) have taken office. No Director shall serve more than three (3) consecutive years as President. If a majority of the directors cannot agree on who should be the new President, then the existing President shall remain President until the issue can be resolved.”

“The Board of Directors shall have a Vice-President who shall be elected by the Board from among the five directors at the same time as the President is elected. The Vice-President shall be elected annually in the month of December but not before any newly elected or reelected director(s) have taken office. It is the Board's policy to rotate the office of Vice-President among the Board members. However, no director shall serve more than three (3) consecutive years as Vice President. If a majority of the directors cannot agree on who should be the new Vice President, then the existing Vice President shall continue in office until the issue can be resolved.”

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: None

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: 9

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Consent Calendar

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

Background: *5-Year Strategic Plan Mission Statement – 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.*

Consent calendar consisting of:

- A) Receive and File the Check Register for the Month of November 2017
- B) Receive the Quarterly Financials for April 1, 2017 to June 30, 2017
- C) Approve the Draft Minutes of the Joint Board/GSA Meeting of November 20, 2017
- D) Approve the Draft Minutes of the Joint Board/GSA Meeting and Rate Study Workshop of December 4, 2017
- E) Approve the Proposed Regular Board/GSA Meeting and Workshop Meeting Schedule for 2018

Discussion/Analysis: See individual transmittals.

Environmental Review Compliance: None required.

Other Considerations: The Board of Directors can approve these items together or they can pull them separately for discussion.

Material Included for Information/Consideration: Check Register for November 2017; Quarterly Financials, draft minutes of November 20, 2017; and, draft minutes of December 4, 2017.

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: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive and File the Check Register for the Month of November 2017

Staff Recommendation: The Board of Directors receive and file the November 2017 expenditures totaling \$1,844,682.48.

Background: *5-Year Strategic Plan, Objective No. 3 – Our objective is to manage public funds to assure financial stability, prudent rate management and demonstrate responsible stewardship. Our fiscal strategy is to forecast, control and optimize income and expenditures in an open and transparent manner. We will efficiently use our financial resources to assure availability to fund current and future demands.*

Discussion/Analysis: These expenditures were paid in November 2017 and the Board is requested to receive and file the check register.

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: Expenditures are allocated across the six cost centers; 01-Marina Water, 02-Marina Sewer, 03- Ord Water, 04- Ord Sewer, 05-Recycled Water, 06-Regional Water.

Other Consideration: None.

Material Included for Information/Consideration: November 2017 Summary Check Register.

Action Required: Resolution 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-B

Meeting Date: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive the Quarterly Financial Statements for April 1, 2017 to June 30, 2017

Staff Recommendation: The Board receives the Quarterly Financial Statements for April 1, 2017 to June 30, 2017.

Background: *5-Year Strategic Plan, Strategic Element No. 3.2 – Regular Financial Updates to Policymakers and Managers.*

Discussion/Analysis: All figures reported for the quarter are based on accrual basis accounting. The District’s consolidated financial statement for the quarter includes operating revenues of \$3.665 million and expenses of \$3.759 million, resulting in net loss from operations of \$0.094 million. The District budget projected net gain from operations of \$0.398 million for the same period.

The difference between the actual net loss from operations for the quarter from the budget gain expectation is \$0.492 million due to the timing of when revenues are earned and expenses are accrued producing different results than those in which the annual budget amounts are divided evenly by quarter.

Summary of Cost Centers:

<u>Description</u>	<u>Actual Qtr</u>	<u>Budget Qtr</u>	<u>Actual FYTD</u>	<u>Budget FYTD</u>
Marina Water				
Revenue	916,732	950,681	3,636,757	3,802,719
Expenses	<u>818,406</u>	<u>676,235</u>	<u>2,478,891</u>	<u>2,704,938</u>
Net Gain/(Loss)	98,326	274,446	1,157,866	1,097,781
Marina Sewer				
Revenue	300,875	258,857	1,137,726	1,035,426
Expenses	<u>262,150</u>	<u>192,026</u>	<u>714,735</u>	<u>768,102</u>
Net Gain/(Loss)	38,725	66,831	422,991	267,324
Ord Community Water				
Revenue	1,832,671	1,452,717	6,613,165	5,810,866
Expenses	<u>1,952,890</u>	<u>1,481,433</u>	<u>5,559,521</u>	<u>5,925,733</u>
Net Gain/(Loss)	(120,219)	(28,716)	1,053,644	(114,867)

Ord Community Sewer				
Revenue	615,007	538,339	2,361,665	2,153,356
Expenses	<u>548,949</u>	<u>375,405</u>	<u>1,623,894</u>	<u>1,501,614</u>
Net Gain/(Loss)	66,058	162,934	737,771	651,742
Recycled Water Project				
Revenue	13	1	29	2
Expenses	<u>177,107</u>	<u>77,487</u>	<u>306,252</u>	<u>309,948</u>
Net Gain/(Loss)	(177,094)	(77,486)	(306,223)	(309,946)
Regional Project				
Revenue	-	-	-	-
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Gain/(Loss)	-	-	-	-
Consolidated Cost Centers				
Revenue	3,665,298	3,200,595	13,749,342	12,802,369
Expenses	<u>3,759,502</u>	<u>2,802,586</u>	<u>10,683,293</u>	<u>11,210,335</u>
Net Gain/(Loss)	(94,204)	398,009	3,066,049	1,592,034

As of June 30, 2017, the District had \$16.972 million in liquid investments. The District also had \$0.850 million of 2010 refunding bond proceeds for debt reserve purposes in the bank.

The District owed \$28.935 million for the 2015 Senior Revenue Refunding Bonds Series A as well as \$3.405 million for the 2010 Subordinate Revenue Refunding Bonds, and \$2.800 million to Holman Capital Corporation for the conversion of the Rabobank N.A. construction loan for the BLM building as of June 30, 2017.

Environmental Review Compliance: None required.

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

Other Considerations: None

Material Included for Information/Consideration: Quarterly Financial Statements, Investments and Debt Summary Statements.

Action Required: Resolution 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-C

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Approve the Draft Minutes of the Joint Board/GSA Meeting of November 20, 2017

Staff Recommendation: The Board of Directors approve the draft minutes of the November 20, 2017 joint Board/GSA meeting.

Background: *5-Year 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 November 20, 2017 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 November 20, 2017.

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: 9-D

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Approve the Draft Minutes of the Joint Board/GSA Meeting and Rate Study Workshop #3 of December 4, 2017

Staff Recommendation: The Board of Directors approve the draft minutes of the December 4, 2017 rate study workshop.

Background: *5-Year 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 December 4, 2017 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 December 4, 2017.

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: 9-E

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Approved By: Keith Van Der Maaten

Agenda Title: Approve the Proposed Regular Board/GSA Meeting and Workshop Meeting Schedule for 2018

Staff Recommendation: The Board of Directors is requested to approve the proposed regular Board meeting schedule for 2017 they prefer.

Background: *5-Year 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: In 2017, the Board moved to a one meeting per month schedule with the Board meeting to be held on the third Monday of the month. The first Monday of the month was reserved for special meetings and workshops. While the formation of the District's Groundwater Sustainability Agency and the Five Year Rate Study Workshops required additional meetings, the schedule proved to work well with four of the twelve months only having one meeting. Staff is anticipating that in 2018 there will be very few months that would require more than one meeting.

1st Monday of Each Month – Reserved for Workshops/Special Meetings
3rd Monday of Each Month – Board Meetings
6:30 p.m.

January 22, 2018*
February 20, 2018**
March 12, 2018*
March 19, 2018
April 16, 2018
May 21, 2018
June 18, 2018
July 16, 2018
August 20, 2018
September 17, 2018
October 15, 2018
November 19, 2018
December 17, 2018

* Due to the rate schedule.

** Monday is a holiday so the meeting is scheduled for Tuesday.

Environmental Review Compliance: None required.

Financial Impact: _____Yes No Funding Source/Recap: None

Other Considerations: The Board can suggest alternate meeting dates.

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-A

Meeting Date: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the Fiscal Year ended June 30, 2017

Staff Recommendation: Consider Accepting the Comprehensive Annual Financial Report and the Independent Auditor's Report for the fiscal year ended June 30, 2017.

Background: *5-Year Strategic Plan, Objective 4B - Meet generally accepted accounting principles.*

The Board is requested to review and accept the Comprehensive Annual Financial Report (CAFR) and the Independent Auditor's Report for the fiscal year ended June 30, 2017. This is the tenth consecutive year that staff has prepared a CAFR report for the District.

On June 15, 2015, the District approved a three-year Audit Contract with the Pun Group, LLP, Certified Public Accountants (Auditors), as the District's external auditors. This is Year 3 of the contract. The Auditors provided an Independent Auditor's Report (included in the CAFR report) stating that the financial statements present fairly, in all material respects, the financial position of the District for fiscal year 2016-2017.

Discussion/Analysis: The CAFR is an extensive report summarizing the financial activities of the District that occurred from July 1, 2016 through June 30, 2017 and is divided into three sections: Introductory, Financial and Statistical Sections.

The introductory section contains a Letter of Transmittal, awards and achievements, organizational chart and directory of officials. The letter of transmittal includes a brief overview of the District, its policies and how the District controls its finances.

The financial section contains the Management's Discussion and Analysis report. This analysis illustrates the basic financial operations of the District in a more detailed manner than is found in the Letter of Transmittal. Also included in this section are the Independent Auditor's Report and the Basic Financial Statements and Notes to the Financial Statements.

The final section of the report is a compilation of statistical schedules for the last ten years that depict various trends and general information of the District.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2016. This is the ninth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Staff believes that Districts current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine its eligibility for another certificate.

Kenneth Pun, Managing Partner of the Pun Group, LLP will be available at the Board meeting to answer any questions on their audit report and the District's CAFR.

Financial Impact: _____Yes ___X___No Funding Source/Recap: None.

Material Included for Information/Consideration: The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 (provided separately).

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-B

Meeting Date: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive Presentation of the Revised Draft 5-Year Rate Study Financial Plan; and Provide Direction to Staff Regarding Preparation of the Final Rate Study

Staff Recommendation: 1) receive a presentation by Carollo Engineers of the 5-year rate study and financial plan which includes operating rates; and, 2) provide direction to District staff regarding preparation of the final rate study.

Background: *5-Year 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.*

Discussion/Analysis: The Board of Directors approved a Professional Services Agreement with Carollo Engineers to perform a Five-Year Rate Study and Cost Allocation Plan. On October 9, 2017 and November 6, 2017, Pierce Rossum from Carollo Engineers gave presentations to the Board on the methods used in the rate study to come up with the cost of service, and revenue requirements in order to provide the District with a rate structure and rates that support the goals and objectives of the District. On December 4, 2017, Mr. Rossum presented the initial results of the study including various rate scenarios to obtain necessary revenues to fund the District's operations, rate-funded CIP, and meet its debt requirements.

Based on discussion from the December 4th rate workshop and the rate presentation discussion at the Fort Ord Reuse Authority Water and Wastewater Oversight Committee on December 13, 2017, Mr. Rossum will provide more detailed rate scenarios including a "Contingent Drought Water Rate". District staff will provide detail on the rate-funded Capital Projects included in the rate study.

Financial Impact: _____ Yes No Funding Source/Recap: None

Material Included for Information/Consideration: Presentation materials to be provided at the meeting.

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-C

Meeting Date: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive the Draft District FY 2018-2019 Budget Schedule and Set Date for the 2018-2019 Budget Workshop

Staff Recommendation: The Board of Directors receive the Draft FY 2018-2019 Budget Schedule and set the date for the Budget Workshop for March 12, 2018.

Background: *5-Year Strategic Plan, Element No. 3 – Fiscal Planning.*

Discussion/Analysis: Staff has begun the budget process for FY 2018-2019. Attached is the draft schedule for the FY 2018-2019 Budget. In order to get the budget approved by both the District Board and by FORA by June 30, 2018, staff requests the Board set the date for the Budget Workshop for March 12, 2018.

Environmental Review Compliance: None.

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

Materials Included for Information/Consideration: Draft FY 2018-2019 Budget Schedule.

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-D

Meeting Date: December 18, 2017

Prepared By: Keith Van Der Maaten

Approved By: Keith Van Der Maaten

Agenda Title: Consider Authorizing the Participation in Professionally Facilitated Mediation Regarding Conflicts with the Proposed Monterey Peninsula Water Supply Project and to Fund up to \$7,000 for MCWD's share of the Mediation Costs

Staff Recommendation: The Board of Directors authorize the participation in professionally facilitated mediation regarding the proposed Monterey Peninsula Water Supply project and to fund up to \$7,000 for MCWD's share of the mediation costs.

Background: *5-Year Strategic Mission Statement* . *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.*

On November 13, 2017, MCWD staff participated in an initial settlement meeting with Cal Am and the intervening parties to CPUC case A.12.04.019 to discuss the parties' various interests and settlement concepts in an effort to resolve issues concerning the MPWSP. The single largest issue under discussion from MCWD is the impact that the proposed MPWSP will have on MCWD's groundwater supply. At the initial meeting, MCWD presented our concerns over the groundwater impacts and discussed two alternate non-desal water supply proposals that would, along with the potential expansion of Pure Water Monterey, be sufficient to provide the Peninsula with the water it needs for the next 10 years without the MPWSP Desal Plant. These alternatives could also be implemented in a manner that meets the milestones in the State Water Resources Control Board Amended Cease and Desist Order imposed on Cal Am for the extraction of water on the Carmel River and would also allow time to explore options for water supply beyond 10 years, if additional supply is still needed, in a way that doesn't impact the District's groundwater supply.

Following that meeting, the District completed and distributed water purchase agreements for the two alternative non-desal options in preparation for discussions at the next settlement meeting scheduled for December 19th.

Recently, the Monterey Peninsula Water Authority's Special Counsel proposed hiring a professional mediator, Marci DuPraw, to assist in the process of resolving issues. Ms. DuPraw has extensive experience managing and settling multi-party, natural resource conflicts and has experience in working with Groundwater Sustainability Agencies. Procedurally, the MPWMD would manage the contract with Ms. DuPraw and enter into a reimbursement agreement with the various parties. The hiring of the Mediator is dependent on a minimum participation of Cal Am, Marina, MCWD, MPWMD, and M1W.

Discussion/Analysis: It is important that MCWD continues to have a voice in the ongoing settlement discussions and staff believes that there is progress being made towards supporting the non-desal alternatives. Therefore, staff is supportive of the professionally facilitated mediation process. However, unless the mediation process includes the need to move the

MPWSP intake wells to a location that does not pull source water from the District's groundwater, there is no reason to engage or continue in the mediation process. It is currently unclear if the intent of the mediation is to press forward with the currently proposed project, or if it will take seriously the groundwater impacts and focus on mediating a solution for alternative intake locations and alternative non-desal projects in a manner that also mitigates the water supply risks to the Peninsula. It is also unclear if the mediation process will delay decisions on the non-desal alternatives presented by the District.

If the Board authorizes participation, staff requests Board direction on how to proceed should the mediation process no longer include the necessity of moving the location of the intake wells and/or if the mediation process hinders progress on the non-desal alternatives.

Environmental Review Compliance: None required.

Financial Impact: Yes No Funding Source/Recap: Marina and Ord Water Accounts.

Ms. DuPraw has proposed a budget and scope of engagement as follows:

- Labor / Marci (from Santa Cruz base) - 180 hrs
 - Labor / Assistant (from Bay Area base) at 5 meetings to document details – 75 hrs
 - Labor (optional, for strategic / collegial insights) – 8 hrs
 - Travel costs
 - Added 5% indirect rate, which California State University Sacramento adds to all labor.
- Total: \$48,235.

To fund Mrs. DuPraw's services, it has been proposed that the six public parties to A.12.04.019 (Marina, MCWD, MPWMD, MOW, the County, and the Water Authority) together with Cal-Am each share in the costs of her services, subject to a not-to-exceed cap of \$7,000 per party.

Other Considerations: The Board can decide not to participate in the mediation.

Material Included for Information/Consideration: Mrs. Dupraw's Resume; Watermaster Water Purchase Agreement; Monterey Peninsula Water Management District Water Purchase Agreement.

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-E

Meeting Date: December 18, 2017

Prepared By: Paula Riso

Presented By: Keith Van Der Maaten

Agenda Title: Consider Director Appointments to Committees of the Board and to Outside Agencies for 2018, and as Negotiators to any Ad Hoc Committees of the Board

Staff Recommendation: The Board of Directors consider making Director appointments to Board of Director's Committees and outside agencies for 2018.

Background: *5-Year 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.*

Discussion/Analysis: The Board is asked to consider Director appointments to committees and outside agencies for 2018. The Joint City/District, Executive, Budget and Personnel, and Community Outreach Committees shall have two appointed directors and such other persons as the Board may appoint; the Water Conservation Commission shall have one director appointed. The Board President also has the authority to appoint members to Ad Hoc Committees and negotiators to those Committees.

The Board also appoints directors to the following: Monterey One Water (M1W) Board of Director's, Fort Ord Reuse Agency (FORA) Board of Directors, liaison to the Monterey County Local Agency Formation Commission (LAFCO), ACWA Joint Powers Insurance Authority (JPIA), and the Special Districts Association of Monterey County (SDA).

The Board appoints representatives to the following District Standing Committees:

- | | | |
|----|-------------------------------|-------------------------------|
| 1. | Water Conservation Commission | 1 Board member & 1 Alternate |
| 2. | Joint City/District Committee | 2 Board members & 1 Alternate |
| 3. | Executive Committee | 2 Board members |
| 4. | Budget and Personnel | 2 Board members & 1 Alternate |
| 5. | Community Outreach | 2 Board members & 1 Alternate |

The Board appoints representatives to the following outside agencies or committees:

- | | | |
|----|-----------|------------------------------------|
| 1. | MRWPCA | 1 Board member & 2 Alternates |
| 2. | FORA | 1 Board member & 4 Alternates |
| 3. | LAFCO | 1 Board member & 1 Alternate |
| 4. | JPIA | 1 Board member & 1 Alternate |
| 5. | SDA | 1 Board member & 4 Alternates |
| 6. | FORA WWOC | 1 Board/Staff member & 1 Alternate |

The Board appoints representatives to the following Ad Hoc committees:

- | | | |
|----|-------------|-----------------|
| 1. | M1W Ad Hoc | 2 Board members |
| 2. | SCSD Ad Hoc | 2 Board members |

Current Committee Assignments are:

- | | |
|----------------------------------|-------------------------------------------------|
| 1. Water Conservation Commission | Shriner - Lee as Alternate |
| 2. Joint City/District Committee | Moore, Shriner – Lee as Alternate |
| 3. Executive Committee | Gustafson, Moore |
| 4. Budget and Personnel | Gustafson, Cortez – Moore as Alternate |
| 5. Community Outreach | Gustafson, Moore – Cortez, Shriner as Alternate |

Current appointments to outside agencies:

- | | |
|--------------|-----------------------------------------------------------|
| 1. M1W | Moore – Gustafson as Alternate |
| 2. FORA | Gustafson – Moore, Lee, Shriner, Cortez, GM as Alternates |
| 3. LAFCO | Cortez – Lee as Alternate |
| 4. JPIA | Shriner – Cortez as Alternate |
| 5. SDA | Shriner – Moore, Lee, Cortez, and Gustafson as Alternates |
| 6. FORA WWOC | GM – District Engineer as Alternate |

Current appointments to Ad Hoc Committees:

1. M1W / MCWD Ad Hoc Committee – Gustafson and Moore as negotiators
2. MCWD / SCSD Ad Hoc Committee – Gustafson and Moore as negotiators

Environmental Review Compliance: None required.

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

Other Considerations: The Director appointed to serve on the M1W Board will receive a stipend of \$100 per meeting and that an updated FPPC Form 806 will be completed and posted on the District’s website following the appointment.

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 _____

Marina Coast Water District
Agenda Transmittal

Agenda Item: 10-F

Meeting Date: December 18, 2017

Prepared By: Kelly Cadiente

Approved By: Keith Van Der Maaten

Agenda Title: Receive Justification for the Budgeted Rate Increases Effective January 1, 2018

Staff Recommendation: Receive justification for the budgeted rate increases effective January 1, 2018 and take no action to alter the budgeted rates.

Background: *5-Year 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.*

Discussion/Analysis: On September 11, 2012, the Board adopted Resolution No. 2012-55 to approve a professional services agreement with Carollo Engineers to prepare a five-year water, wastewater, and recycled water financial plan and rate study. The Board received the plan in July, 2013 and adopted Resolution No. 2013-53 on August 26, 2013 to approve the plan for implementation beginning July 1, 2014. FY 2017-2018 is the final year which includes rate increases for all cost centers effective January 1, 2018.

Per the Study approved in 2013, by implementing the rate increases over the 5 years, the District would be able to meet the debt service requirements, cover operating expenses, fund a portion of the capital improvement plan and begin to build reserves. Unfortunately, soon after the plan was implemented and rates were adopted, the State of California fell into a 3-year drought which required mandatory conservation. This resulted in the water cost centers revenue decreases from what was projected in a plan. Coupled with actual growth rates being much lower than projected in the plan, the District will not meet its goals from the 2013 plan even with the January 1st rate increases.

Staff has made strong efforts in maintaining costs and deferring capital improvement projects where possible; however, the adopted FY 2017-2018 budgeted is based on the approved rate increase and would require a budget adjustment to offset a reduced or eliminated rate increase. This would be difficult to do as six month of activity has already occurred for the fiscal year. Staff therefore recommends that the adopted and budgeted rates effective January 1, 2018 be implemented and the Board take no action to alter the rate increase.

Financial Impact: _____ Yes No Funding Source/Recap: None

Material Included for Information/Consideration: Rate Study Projections vs. Actuals and Budgeted Fiscal Years 2014-2018 tables for each cost center.

Action Required: _____ Resolution Motion _____ Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____

Abstained _____

Noes _____

Absent _____