



# Fort Ord Reuse Authority

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## BOARD OF DIRECTORS SPECIAL MEETING Thursday, July 26, 2012 at 3:30 p.m. 910 2<sup>nd</sup> Avenue, Marina, CA 93933 (Carpenter's Union Hall)

### AGENDA

**1. CALL TO ORDER AND ROLL CALL**

**2. PLEDGE OF ALLEGIANCE**

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**

**4. PUBLIC COMMENT PERIOD:**

Members of the audience wishing to address the Fort Ord Reuse Authority ("FORA") Board on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to a maximum of three minutes. Public comments on specific agenda items will be heard at the time the matter is under Board consideration.

**5. OLD BUSINESS**

- a. Master Resolution/Settlement Agreement – Appeal Fee Proposed  
Amendment to FORA Master Resolution (Section 8.01.050(a)) INFORMATION/ACTION
- b. Records Retention Policy INFORMATION/ACTION
- c. Ord Community Water and Wastewater Systems Proposed  
Budgets and Rates for FY 2012/13 (2<sup>nd</sup> Vote)
  - i. Follow-up Presentation by Marina Coast Water District INFORMATION
  - iii. Resolution Nos. 12-6 and 12-7 Adopting a Compensation Plan  
and Setting Rates, Fees and Charges for Base-wide Water and  
Sewer Services on the former Fort Ord ACTION
- d. June 8, 2012 Tort Claim filed Against FORA by Keep Fort Ord Wild (2<sup>nd</sup> Vote) ACTION

**6. NEW BUSINESS**

- a. FORA Expense Reimbursement Policy INFORMATION/ACTION

**7. EXECUTIVE OFFICER'S REPORT**

- a. New Procedure for Public Correspondence to FORA Board INFORMATION

**8. ITEMS FROM MEMBERS**

**9. CLOSED SESSION**

- a. Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – Three Cases
  - i. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M116438
  - ii. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M114961
  - iii. The City of Marina v. Fort Ord Reuse Authority, Case Number: M118566
- b. Conference with Legal Counsel - Anticipated Litigation, Gov Code 54956.9(b) – Two Cases

**11. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**

**12. ADJOURNMENT**

**NEXT REGULAR MEETING AUGUST 10, 2012**

# FORT ORD REUSE AUTHORITY BOARD REPORT

## OLD BUSINESS

<b>Subject:</b>	Master Resolution/Settlement Agreement – Appeal Fee Proposed Amendment to FORA Master Resolution (Section 8.01.050(a))	
<b>Meeting Date:</b>	July 26, 2012	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	5a	

### RECOMMENDATION(S):

Amend section 8.01.050(a) of the FORA Master Resolution to adjust FORA's Consistency Determination appeal fee basis from the County of Monterey's land use appeal fee to an average of FORA's jurisdictions' land use appeal fees, as described in **Attachments A and B**, or

Amend section 8.01.050(a) of the FORA Master Resolution/Sierra Club Settlement Agreement to adjust FORA's Consistency Determination appeal fee basis to allow a tiered appeal fee based on project size and allowing a fee waiver to an appellant who meets low income eligibility standards set by the U.S. Department of Housing and Urban Development, as described in **Attachment C**.

### BACKGROUND/DISCUSSION:

Each of the past 9 months, FORA has hosted stakeholder meetings with the Ventana Chapter of the Sierra Club, LandWatch Monterey County, the League of Women Voters, and others to discuss issues pertaining to the proposed FORA extension legislation and the Base Reuse Plan Reassessment process. From the beginning, stakeholders stated concerns with the FORA appeal fee for Consistency Determinations being at a level that make it difficult for local community members to participate in the appeal process due to the fee being pegged to the County of Monterey's appeal fee, which is currently \$5,040 per appeal.

The Sierra Club noted this concern in their letter to Assembly Member Bill Monning, in which they supported his proposed legislation (AB1614) extending FORA's sunset. Sierra Club representatives have clarified that, when the Sierra Club and FORA signed the settlement agreement and set FORA's appeal fee to be the same as the County of Monterey's appeal fee, the County of Monterey's appeal fee level was similar to the surrounding land use jurisdictions. However, since 1998, the County's appeal fee has risen to \$5,040 per appeal. FORA staff and Authority Counsel discussed the issue with Sierra Club representatives and created a proposal, in which the FORA Board might consider amending section 8.01.050(a) to establish an appeal fee based on the average of FORA's jurisdictions' land use appeal fees (after excluding the highest and lowest appeal fees from the calculation) (as seen in **Attachment B**). If the Board adopts this proposed amendment, FORA's appeal fee would change from \$5,040 per appeal to \$737.69 per appeal.

At its May 30, 2012 meeting, the Administrative Committee discussed this issue in-depth and concluded that, since strong arguments could be made in favor of and against implementing the proposed appeal fee amendment, this was a policy issue the Board should decide. One argument made in favor of implementing the proposed amendment was that the high fee precluded participation of many members of the public, which infringed upon their right to petition their government for redress of grievances. Arguments made against implementing the proposed amendment were that lowering the fee will not

allow FORA to recover the actual costs of processing an appeal, and might encourage frivolous appeals. At its May 30, 2012 meeting, the FORA Executive Committee directed staff to include an option for a tiered appeal fee approach prior to the July FORA Board meeting, based on a set of circumstances and their cost implications.

FORA staff prepared a tiered appeal fee modification option for consideration, described in **Attachment C**, that would set the appeal fee to the County of Monterey's fee or an average of FORA jurisdictions depending on project size and would allow a fee waiver to an appellant who meets low income eligibility standards set by the U.S. Department of Housing and Urban Development.

**FISCAL IMPACT:**

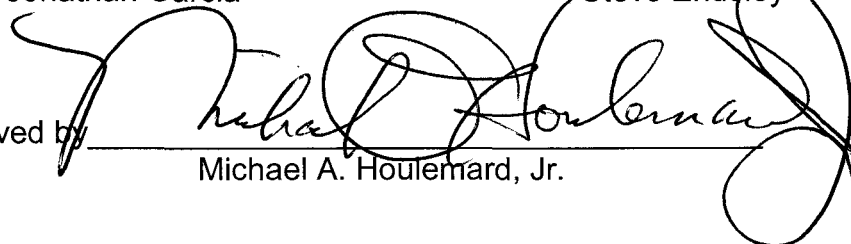
Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget. Staff does not expect that a reduction in the appeal fee would affect FORA's operating budget significantly.

**COORDINATION:**

Administrative Committee, Executive Committee, Authority Counsel, and Sierra Club representatives.

Prepared by  Reviewed by   
Jonathan Garcia Steve Endsley

Approved by   
Michael A. Houlemard, Jr.

## **Proposed Appeal Fee Amendment to Section 8.01.050 (a) of the FORA Master Resolution**

### **8.01.050 REVIEW OF DEVELOPMENT ENTITLEMENTS BY APPEAL TO AUTHORITY BOARD.**

a. Within 10 days of a land use agency approving a development entitlement, any person aggrieved by that approval and who participated either orally or in writing, in that agency's hearing on the matter, may file a written appeal of such approval with the Executive Officer, specifically setting forth the grounds for the appeal, which shall be limited to issues raised at the hearing before the land use agency. The person filing the appeal shall pay a filing fee in an amount equal to the average of the planning decision appeal fees established by the nine member agencies of the Authority's Board omitting the highest and the lowest, not to exceed the Authority's reasonable cost to prepare the appeal. The appeal fee may be reimbursed not more than once yearly to an appellant who signs a declaration under penalty of perjury that s/he qualifies as "very low income" under low income eligibility standards set by the U.S. Department of Housing and Urban Development. The Authority Board must conduct a public hearing on the appeal within 60 days.

**Attachment B** to Item 5a  
FORA Board meeting, 7/26/12

<b>FORA Jurisdiction</b>	<b>Land Use Appeal Fee</b>	<b>w/out highest &amp; lowest</b>
County	\$ 5,040.00	
Pacific Grove	\$ 2,385.00	\$ 2,385.00
Salinas	\$ 659.00	\$ 659.00
Del Rey Oaks	\$ 550.00	\$ 550.00
Marina	\$ 460.00	\$ 460.00
Sand City	\$ 439.83	\$ 439.83
Monterey	\$ 370.00	\$ 370.00
Seaside	\$ 300.00	\$ 300.00
Carmel	\$ 295.00	
Total		\$ 5,163.83
<b>Average appeal fee:</b>		<b>\$ 737.69</b>

## **Proposed Appeal Fee Amendment to Section 8.01.050 (a) of the FORA Master Resolution**

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# FORT ORD REUSE AUTHORITY BOARD REPORT

## OLD BUSINESS

**Subject:** Records Retention Policy

**Meeting Date:** July 26, 2012

**Agenda Number:** 5b

**INFORMATION/ACTION**

### **RECOMMENDATION(S):**

1. Review and adopt a Records Retention Policy for the Fort Ord Reuse Authority (**Attachment A**).
2. Authorize FORA Staff to expend up to \$15,000 for additional resources to respond to unanticipated volume and bring records into retention policy compliance.

### **BACKGROUND:**

At the May 11, 2012 FORA Board meeting, the Board instructed staff to schedule a discussion regarding the establishment of a records retention policy. For comparative purposes, the Board suggested a review of the current records retention policies of local/regional agencies. This item was agendaized in response to public concern regarding FORA's current records retention practices, which have not been combined in a formally adopted policy.

Records retention policies should be tailored to meet the needs of the agency. For that reason, policies vary considerably from agency to agency. The policies we have seen, however, share some common themes. For example, most agencies operate with limited server space for the vast quantity of emails received by their employees in the course of their duties.

Many public agencies have established a specific time frame in which emails must be deleted from the system. Most agencies rely on individual employees to determine whether their email correspondence constitutes a public record, in which case the document is retained and stored outside of the email system. Email is extremely valuable in litigation because it contains off-the-cuff, unguarded comments written at the time of the event. It is difficult to refute email in court, even when taken out of context.

Email Retention Period	# of Cities
No Limit	12
1 year	1
6 months	2
120 days	1
90 days	10
60 days	3
45 days	2
30 days	14

Because it is so valuable, the volume of email discovery requests (search) is likely to increase substantially. These requests will be an added burden to schools and local governments, which often have limited resources with which to respond (**Attachment B**).

Unfortunately, the courts are taking a dim view of organizations that cite lack of resources as a reason for not meeting tight deadline requirements.

Since the requirements for email archiving and electronic discovery are becoming better known, it is now clear that public agencies are exposed to significant liability and risk if they do not take action to prepare for email archiving and electronic discovery. Staff obtained the results of a survey conducted in May 2009, comparing the email retention periods for 45 California Cities. The survey (inset above) shows the statewide variation in retention periods.



To accomplish the Board assigned task, staff compiled 18 email retention policies from public agencies across the state, as well as general Records Retention Policies from the Cities of Monterey and Del Rey Oaks, the Salinas Valley Solid Waste Authority, and the Monterey Bay Unified Air Pollution Control Agency. Staff has also obtained, for reference, the Secretary of State's Local Government Records Management Guidelines (currently in use by the City of Carmel-by-the-Sea).

Records Retention Policies/Schedules vary in length and scope. The City of Monterey's Records Retention Policy is 15 pages long and is accompanied by a 38 page retention schedule. The Monterey Bay Unified Air Pollution Control District's policy and schedule, on the other hand, total only 8 pages. By contrast, the City of Carmel-by-the-Sea has not established a written policy. Instead, it adheres to the Secretary of State's Local Government Records Management Guidelines. Similar to FORA, the County of Monterey does not have a written Records Retention Policy and also relies on adhering to State Law.

The retention period for many documents may be defined or dictated by state and federal law. The best practice for dealing with records that pertain to anticipated or pending litigation is to establish a formal retention policy. The retention period for other documents more specific to the work of FORA would need to be drafted with special consideration for FORA's needs. After reviewing the common themes and the highlights from various Records Retention Policies received to date, staff recommends consideration of the attached policy that reflects the most common features of these surveyed policies.

**FISCAL IMPACT:**

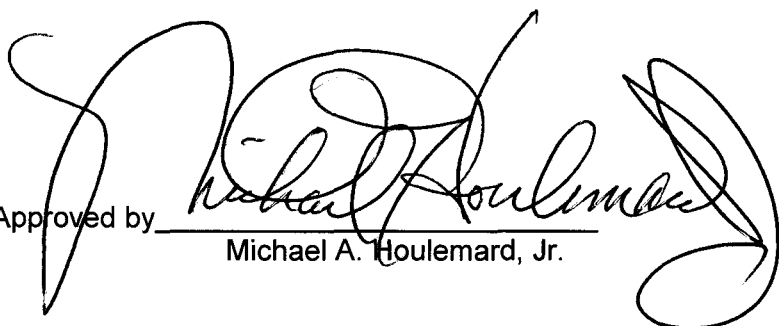
Reviewed by FORA Controller 

Staff time for this item is included in the approved the annual budget.

**COORDINATION:**

Executive Committee, Authority Counsel

Prepared by   
Robert J. Norris, Jr.

Approved by   
Michael A. Houlemard, Jr.

## Attachment A

### Fort Ord Reuse Authority

#### DRAFT Public Records Retention and Management Policy

**Issue Date:** Effective Immediately

FORA's Public Records Management Policy will ensure that records are kept only as long as they have some administrative, fiscal, or legal value. When records no longer fulfill the value for which they were created, they should be destroyed unless they also have some historic or research significance. In that case, the records should be preserved by an appropriate historical agency.

#### 1. DEFINITIONS

a. Public Record

Any document and/or information prepared, owned, used, and/or retained by FORA that is both related to the conduct of the public's business and retained in the ordinary course of that business, regardless of physical form or characteristics.

b. Non-Record

Those documents with no administrative, fiscal, or legal value and thus, not retained in the ordinary course of business. This includes, but is not limited to, unofficial copies of documents kept only for convenience or reference, working papers, transitory documents, rough drafts/notes/calculations assembled or created and used in the preparation or analysis of other documents, appointment logs, stocks of publications and blank forms, and library or museum material intended solely for reference or exhibition.

c. Records Retention Schedule

A list of all records produced or maintained by FORA and the actions taken with regards to those records. FORA's retention schedule assists the agency in determining the retention value of all agency documents and provides legal authority to receive, create, retain, and dispose of official public records. In the event of litigation, courts accept a retention schedule as establishing an agency's "normal course of doing business".

d. Retention Period

The length of time a record must be retained to fulfill its administrative, fiscal and/or legal function. All records should be disposed of in accordance with an approved Records Retention Schedule.

#### 2. ELECTRONIC RECORD STORAGE

FORA utilizes DocStar, an electronic imaging program, to save and store public documents. Each public document is scanned and then saved, where it can be easily and quickly retrieved for viewing, copying or emailing.

Public documents saved in DocStar consist of, but are not limited to, the following:

- a. Memoranda and correspondence received or sent out by FORA
- b. Public drafts of agreements and contracts
- c. Final executed documents
- d. FORA Board/Committee meeting packets, including agendas, the approved minutes and all supporting documents
- e. Land grant deeds of properties transferred to FORA and pre-recorded copies of deeds transferring properties to the receiving jurisdictions/entities
- f. Documents formerly considered as chronological files
- g. Ordinances and Resolutions

In general, it is FORA's policy to destroy the original hard copy record once it has been scanned. However, FORA maintains a number of original, fully executed documents and agreements in hard copy form. These documents are primarily land grant deeds of property transfers, milestone agreements, and other documents as may be required by banking, financing or other contracts.

### **3. DATABASES – NETWORK BACK-UP PROCEDURE**

For records retention purposes a database is an official record of the organization. Since databases change as they are updated, the retention period is established as "until superseded." This reflects that only the current version of FORA's computer database must be maintained and can be the subject of a public records request. The FORA email system and files are backed-up on a daily basis. A full System Security Backup, which constitutes a backup of all data on the server (email, files, accounting system, phone system, Community Information Center), is performed weekly to an external hard-drive. System Security Backups are transported to a secure, off-site location on a monthly basis.

### **4. WORD PROCESSING FILES**

Many organizational documents are prepared using word processing. For records retention purposes, original notes and drafts are considered non-records or works-in-progress. These versions are destroyed and only the final approved, paper record is considered an official public record. Occasionally, when the subject matter of a draft agreement, contract or policy is deemed to be of a significant and non-transitory subject matter, drafts are retained; however, this is an exception, not the general policy.

### **5. EMAIL RETENTION**

#### **a. Electronic Mail**

Email correspondence is generally regarded as transitory communication, which should be routinely discarded when the transaction is complete. Depending on the content of the email, however, it may be considered public record. Employees have the same responsibilities for retaining email messages as they do for any other public record and must distinguish between records and non-record information.

#### **b. Automatic Purging of Emails**

The email system is a communication tool and NOT a storage mechanism. As such, all information on the email system shall be subject to automatic purging (that is, deletion) by FORA after 60 days. FORA employees are responsible for opening, retaining and ensuring proper management of emails within 60 days of receipt.

c. Retention of Record Emails

Emails that memorialize public business should be retained. The Employee must determine whether the email is required to be retained. This determination must use the same criteria used for any other means of communication in accordance with the FORA's approved Retention Schedule. Categories of information which are typically retained by FORA include those emails that:

- i. Are required by law to be retained;
- ii. Document notice of an action or position taken, or an action or position to be taken, on behalf of FORA;
- iii. Document a transaction of business between FORA and another party;
- iv. Clarify FORA policy;
- v. Announce a decision of the FORA Board;
- vi. Describe the status of a Board approved project; or
- vii. Announce completion of an assigned task.

d. Responsibility for Retention

When an email originates within FORA, the sender is responsible for ensuring its proper retention. Persons responsible for a particular program or project are responsible for retaining all emails and attachments they send or receive related to that program or project. All other copies are duplicates and may be deleted. The recipient is responsible for retention of emails that originate outside FORA.

e. Method of Retention

If an email contains information which is "required to be retained," as described above, the Employee shall: (1) transfer the required information from the email to an appropriate public record storage system (such as printing the email on paper or saving it to file) before it is deleted or purged from the email system and (2) maintain the public record in accordance with FORA's Records Retention Schedule.

f. Email Attachments

Attachments should be retained or disposed of according to the content of the attachment itself, not the email which transmits the attachment. Thus, attachments should be retained separately from the email to which they are attached, if they constitute a document which the recipient or the sender would ordinarily retain in the course of business.

g. Legal Proceedings

Regardless of retention requirements, email and all other electronic or paper documents pertaining to threatened or actual legal proceeding must be retained until the litigation is concluded. If FORA receives a "litigation hold" or "subpoena," FORA will cease the automatic purging of emails until the litigation hold has been released.

## 6. RECORDS RETENTION SCHEDULE

### Administration

Record Type	Retention Period
Founding Documents (Master Resolution)	Permanent

Board/Committee Agendas and Packets	Permanent
Board/Committee Minutes	Permanent
Board/Committee Resolutions	Permanent
Board Meeting Recordings	Current meeting + 1 year
Committee Meeting Recordings	Approval of Meeting Minutes
FPPC Forms	7 years
Agreements/Contracts	Completion + 5 years
Certificate of Liability Insurance	Expiration + 1 year
Requests for Qualifications /Proposals	Completion of work + 5 years
Correspondence, Misc	Current year + 10 years
General Admin	Current year + 5 years
Internal Documents/Memos, etc	Current year + 5 years
Insurance	Permanent
FORA Publications	Permanent
Deeds	Permanent
Records Retention Schedule/Policy	Until revised

### Legal

Record Type	Retention Period
Legal Opinions	Permanent
Law Suits/Claims	Permanent
Public Records Requests/Responses	Current year + 5 years
Misc Legal	Permanent

### Public Relations

Record Type	Retention Period
Press Releases	Permanent
Public Presentations/Speeches	Current year + 7 years
Press Clippings	Permanent

### Finance

Record Type	Retention Period
Accounts Payable	Current year + 4 years
Accounts Receivable	Current year + 4 years
Audit Reports/Financial Statements	Permanent
Bank Statements	Current year + 4 years
Budgets	5 years
General Ledger	Permanent
Bonds (Account Statements)	Completion + 4 years
Form 1099 Reports	7 years
Form W-2 Reports	7 years
Investment Records	Permanent
Loan Records	4 years after settlement
Payroll	Current year + 6 years
CalPERS Reports	Current year + 6 years
Deferred Compensation Reports	Current year + 6 years

Employee Time Sheets	Current year + 4 years
Workers' Compensation Reports	7 years after settlement
Fixed Assets Inventory	Current year + 4 years

### Human Resources/Personnel

Record Type	Retention Period
Personnel Files	Termination + 3 years
Recruiting/Interview Records (advertisements, notices, resumes, etc.)	Current Year + 5 years
Employment Contracts/Agreements	Termination + 3 years

### Engineering/Construction

Record Type	Retention Period
Land Surveys	Permanent
Construction Reports (Environmental, Geological, Soils, Archaeology, traffic, structural)	Permanent
Design Drawings (30%, 60%, 90% complete)	Permanent
Misc. Construction Documents	Permanent
Environmental Documents (state and federal)	Permanent
Grant Funding Applications (state and federal)	Current Year + 3 years
Construction Contracts	Permanent
Grant Agreements	Permanent
Contractor Certifications	Permanent
Construction Payrolls	Permanent
Construction Inspection Reports	Permanent
Accident Reports	Termination + 5 years

### Planning

Record Type	Retention Period
Base Reuse Plan	Permanent
Base Reuse Plan Reassessment Documents/Materials	Permanent
Jurisdiction Consistency Determinations	Permanent
Base wide PLL Insurance Policy and Confidentiality Agreements	Permanent
Planning/Finance Journals	Current + 5 years
Professional Training Materials	Current + 5 years
Habitat Management and Related Materials	Permanent
Habitat Conservation Plan and Related Materials	Permanent
Capital Improvement Program and Related Materials	Permanent
Fort Ord Mapping Materials	Permanent
Grant Materials	TBD by Application
Imjin Office Park Planning, Construction, Permitting Documents	Permanent
Planning Misc.	Current + 5 years

## 2012 FORA PUBLIC RECORDS REQUEST LOG

	Name of Requestor	Date Requested	Description of Requested Records
1	Chris Mack	1/15/2012	Receipts, Contracts ESCA
2	Chris Mack	2/10/2012	Contracts for work - any expense to charged to ESCA
3	Molly Erickson	2/21/2012	Questions in reference to letter dated 02/13/2012
4	Chris Mack	3/9/2012	All records relating to General Jim Moore Blvd
5	Michael Stamp	3/13/2012	Gross compensation doc's, employ contracts and 2010 legal counsel payments
6	Jane Haines	3/16/2012	Review development agreement file for Dunes Project
7	Jane Haines	3/16/2012	Copy of the consistency determination from Seaside Highlands project entitlement
8	Molly Erickson	3/19/2012	Financial statements
9	Chris Mack	3/20/2012	General Jim Moore Blvd project Docs - Continued
10	Molly Erickson	3/21/2012	Records showing use of ESCA grant funds
11	Molly Erickson	3/21/2012	Preston Park loan docs
12	Molly Erickson	3/21/2012	Youth Camp project files
13	Jane Haines	3/23/2012	Marina RDA/University Villages docs
14	Molly Erickson	3/23/2012	FORA Press Release - ESCA
15	Molly Erickson	3/27/2012	FORA expenditures - credit cards
16	Molly Erickson	3/30/2012	ICW - ESCA presentation materials
17	Molly Erickson	4/5/2012	Legal Opinions
18	Molly Erickson	4/5/2012	Native American Peoples
19	Kristi Markey	4/11/2012	East Garrison docs from 12/13/02 Board Meeting
20	Mike Weaver	4/13/2012	Base Reuse Plan Updating
21	Jane Haines	4/16/2012	041312 Board Recording and BRP memo
22	John Farrow	4/17/2012	BRP amendments/completion of 07/14/11 request
23	Jane Haines	4/20/2012	All documents related to Dunes Project Sign Criteria
24	Tom Moore	4/20/2012	Past to Present Annual Reports
25	Anita DeAmaral	4/24/2012	Sierra Club Agreement 1998
26	Molly Erickson	4/27/2012	LFR Phasing Schedule - Remedial Services Agreement
27	Virginia Hennessey	4/30/2012	ESCA Bids, ESCA Grant etc
28	Molly Erickson	5/1/2012	Board email distribution list
29	Molly Erickson	5/2/2012	Expanded Travel and Expense Policies
30	Jennifer McNary	5/2/2012	ESCA Users Group/Emergency Services Agreement
31	Molly Erickson	5/7/2012	LFR Phasing Schedule - Additional Info/Questions
32	Molly Erickson	5/7/2012	Exec Committee Agenda Notice Emails - 90 days
33	Molly Erickson	5/30/2012	Eastside Parkway
34	Molly Erickson	5/31/2012	EMC Contract/Disclosures
35	Molly Erickson	6/4/2012	3.5 million in ESCA Funds
36	Molly Erickson	6/12/2012	Monterey Downs Properties
37	Molly Erickson	6/13/2012	7.6 million MCWD Loan

## 2012 FORA PUBLIC RECORDS REQUEST LOG

38	Molly Erickson	6/13/2012	Fee Reallocation Study
39	Molly Erickson	6/14/2012	Ralph Marcello Emails
40	Molly Erickson	6/14/2012	All EPS Communications/Accounting Records
41	Virginia Hennessey	6/15/2012	All Reimbursements/salary/benefit information for Michael Houlemard (16 FYs)
42	Molly Erickson	6/19/2012	3.5 million in ESCA Funds - Follow up
43	Molly Erickson	Re:5/30/12	Eastside Parkway - Follow up (emails)
44	Molly Erickson	6/19/2012	Legal Opinions - Admin Committee
45	Molly Erickson	6/29/2012	Whitson Engineers Contract/Invoices - Eastside Pkwy
46	Molly Erickson	7/3/2012	Eastside Parkway Contracts - Follow up from 6/29/12
47	Molly Erickson	7/6/2012	Auditor Communications
48	Gordon Smith	7/12/2012	FORA -ESCA Email Distribution list recipient addresses
49	Gordon Smith	7/13/2012	Photographs/Field Notes documenting trespassing
50	Molly Erickson	7/18/2012	Form 700, FORA consultant disclosures
51	Molly Erickson	7/18/2012	Draft BRP and EIR documents



# FORT ORD REUSE AUTHORITY BOARD REPORT

## OLD BUSINESS

<b>Subject:</b>	Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13 (2 <sup>nd</sup> Vote)	
<b>Meeting Date:</b>	July 26, 2012	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	5c	

**RECOMMENDATION:**

1. Receive a Marina Coast Water District (“MCWD”) presentation addressing questions and concerns raised by the Fort Ord Reuse Authority (“FORA”) Board of Directors and the public during the July 13, 2012 FORA Board meeting (July 13<sup>th</sup> staff report included as **Attachment A**).
2. Take a second vote on Resolutions #12-6 and #12-7 (**Attachments B and C**) adopting a compensation plan and setting rates, fees and charges for former Fort Ord base-wide water and sewer services. Note that the motion for the first vote included adding the following text to each resolution: “No additional Ord Community resources should be used to further the Regional Desalination Project unless expressly authorized by the FORA Board.” This text was added as Action #4 on the signature page of the attached resolutions.

**BACKGROUND:**

At the July 2012 FORA Board meeting, MCWD staff presented their FY 2012/13 Ord Community water and wastewater collection systems operating and capital budgets and corresponding customer rates. Members of the Board and public raised concerns including: Ord Community annexation and customer voting rights; future expenditures on the regional desalination project and recovering past expenditures; past and current rate increases; debt service for capital improvement projects prior to actual development and protecting existing rate payers from amortizing those costs; MCWD contracts with consultants, attorneys and engineering firms versus “in-sourcing”; MCWD staffing; low-income rate options; and, the number of votes required to vote down a Proposition 218 noticed rate increase. The MCWD presentation should address those questions and concerns.

Water/Wastewater Oversight Committee (“WWOC”) meetings are publicly noticed on the FORA website, sent to the “This Week at FORA” email distribution list, and posted at the FORA office and Carpenters’ Union Hall. The Board directed staff to work with the WWOC to review the MCWD Capital Improvement Program beyond FY 2012/13 and ensure projects are planned in a timely, cost-effective way, to research project alternatives and expand the Committee’s outreach to Ord Community customers. These items will be agendized for a future WWOC meeting and staff will work with the WWOC and Administrative Committee to further ideas about public input.

The Board additionally directed MCWD to continue their efforts toward Ord Community annexation and conclude the Local Agency Formation Commission process without delay. The Board requested an update on MCWD’s progress within six months.

**DISCUSSION:**

The July 13<sup>th</sup> motion made by Mayor Edelen and seconded by Chair Potter reflected the following points:

1. Receive presentations from FORA and MCWD staff;
2. Approve Resolutions 12-6 and 12-7 adopting a compensation plan and setting rates, fees and charges for former Fort Ord base-wide water and sewer services, with the addition of language stating that “No additional Ord Community resources should be used to further the Regional Desalination Plant unless expressly authorized by the FORA Board” and removal of the \$42,000 allocation to the Regional Desalination Plant in the proposed budget;
3. Direct the WWOC to look at future capital improvement projects to ensure that expenditures are facilitating new development as it occurs in an appropriate manner;
4. Encourage MCWD staff to expedite the annexation process; and,
5. Agendize an informational item to outline the process for annexation for the August 10, 2012 FORA Board meeting.

The Board's first vote on this motion was not unanimous and, therefore, requires a majority vote of the Board to be approved. FORA staff recommends the FORA Board receive the MCWD staff presentation and act on the adopting Resolutions.


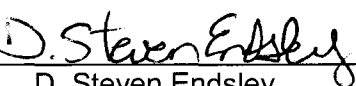
**FISCAL IMPACT:**

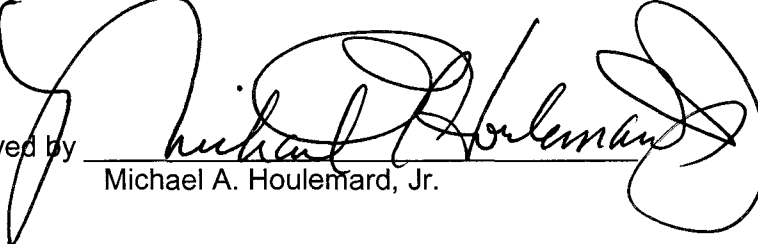
Reviewed by FORA Controller 

Staff time for this item is included in the approved FY 12-13 budget.

**COORDINATION:**

MCWD, WWOC, Administrative Committee, Executive Committee

Prepared by  Reviewed by   
Crissy Maras D. Steven Endsley

Approved by   
Michael A. Houlemard, Jr.

## FORT ORD REUSE AUTHORITY BOARD REPORT

### OLD BUSINESS

<b>Subject:</b>	Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13	
<b>Meeting Date:</b>	July 13, 2012	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	6c	

**RECOMMENDATION:**

1. Receive a presentation outlining the Fort Ord Reuse Authority (“FORA”) and Marina Coast Water District (“MCWD”) contractual relationship and an overview of the FORA/MCWD Water/Wastewater Facilities Agreement.
2. Receive an MCWD FY 2012/13 operating and capital budgets presentation for proposed water and wastewater collection systems and corresponding customer rates.
3. Approve Resolutions #12-6 and #12-7 (**Attachments A and B**) adopting a compensation plan and setting rates, fees and charges for former Fort Ord base-wide water and sewer services.

**BACKGROUND:**

Following the May 1997 FORA Board public bid selection of MCWD to operate and own the former Fort Ord water and wastewater collection systems, MCWD began service in July 1997. Between July 1997 and October 2001, MCWD operated the systems under a Cooperative Agreement with the U.S. Army which defined the terms of their operations and funding. Following the Economic Development Conveyance (U.S. Army to FORA to MCWD) of the water system, MCWD has owned the system under a Water and Wastewater Facilities Agreement (the “Agreement”) with FORA since November 2001 (**Attachment C**). This agreement also specifies that MCWD is responsible for planning, designing, and constructing additional water and sewer facilities as FORA, in consultation with MCWD, determines are necessary for the former Fort Ord service area. Concerning this provision, in 2005, the FORA and MCWD Boards approved a “hybrid” (recycled and desalinated water) Water Augmentation Project to service former Fort Ord.

Under the Agreement, MCWD submits an annual draft budget to the FORA Water and Wastewater Oversight Committee (“WWOC”) for review and recommendation to the FORA Board. The WWOC was created under the Agreement as a FORA Board-advisory committee to review the budget and recommend Board actions. MCWD bills its former Fort Ord customers (Ord Community cost center) according to rates approved annually by both the MCWD and FORA Boards.

A 2005 rate study prepared for MCWD determined that a substantial capacity fee increase would be required to address the costs of repairing and/or updating the extensive former Fort Ord water and wastewater systems that are supported by a small customer base. The proposed increase raised concern, and several WWOC and Administrative Committee meetings were convened to identify alternatives. The FORA Board added \$20M to the MCWD water augmentation program from the FORA Capital Improvement Program (“CIP”). This allowed MCWD to maintain reasonable capacity fees. This line item is voluntary and distinct from the line item for water augmentation CEQA mitigations.

In 2008, MCWD commissioned another rate study which demonstrated the need for a considerable rate increase. Rather than initiate the rate increase all at once, MCWD agreed to ramp up increases over a five-year period. After the required Proposition 218 process, the rate study proposed increases were adopted in 2008/09 (10%), 2009/10 (10%), and 2010/11 (7.8%).

However, the MCWD Board reduced the recommended 7.8% increase in 2011/12 to 4.9% and the 7.8% increase recommended by the study for 2012/13 is being proposed by MCWD at 5%.

During last year's budget approval process, the FORA Board had a number of questions about the MCWD rates and budgets and asked for an audit (**Attachment D**) of the MCWD rates to confirm that increases were adequate and warranted. The audit concluded the rate increases were warranted. A two-year Proposition 218 process and hearing was conducted last year, allowing a rate increase this year without an additional hearing or joint FORA/MCWD Board meeting.

This year, the WWOC actively reviewed the MCWD proposed budgets and rates. MCWD has answered committee member questions and worked with them to refine the Ord Community Compensation Plan to include and/or address their suggestions. Minutes of those meetings are provided in **Attachment E** to this report.

### **DISCUSSION:**

The WWOC met in February, March, April and May 2012 to receive MCWD presentations and review/recommend action on MCWD's proposed FY 2012/13 budgets and rates. On May 30, 2012 the WWOC voted to recommend FORA Board approval of the attached budgets and rates. The vote was 6-1, with the WWOC representative from California State University Monterey Bay dissenting.

FORA staff recommends the FORA Board receive the MCWD and FORA staff presentations and act on the adopting Resolutions. Please note that the MCWD Ord Community Compensation plan is noted as an Exhibit to both Resolution Nos. 12-6 and 12-7. To conserve resources, only one copy of the compensation package is provided.

At its June 8, 2012 meeting, the FORA Board continued the Ord Community Water and Wastewater Systems proposed budgets and rates for FY 2012/13 to its July 13, 2012 meeting. Ord Community is MCWD's cost center for water/sewer service on Fort Ord. It is not a part of the FORA budget or Capital Improvement documents. During the past few weeks, FORA staff received questions from Board members and a public records request from the Law Offices of Michael W. Stamp specifically requesting information pertaining to a footnote on page 16 of the MCWD 2012/13 Ord Budget within Exhibit A, prepared by MCWD staff, to attachments A and B, which references "Loan of \$7,622,073 from Ord Water to Regional Project is expected to be reimbursed through Regional Project financing." To be clear, FORA has not loaned any dollar amount to the Regional Desalination Project.

FORA staff asked MCWD about the footnote. MCWD staff clarified that the \$7,622,073 referenced in the footnote denotes cumulative costs incurred by MCWD while processing the Regional Desalination Project (Note: Ord Community's water reserves are owned by MCWD, not FORA.). This dollar amount is an obligation of MCWD and, therefore, would not be an obligation of FORA. However, MCWD's Ord Community ratepayers support this cost in one form or another. MCWD staff indicated that MCWD intends to reimburse the Ord Community's water reserves when (assuming the Regional Project moves forward) it obtains Regional Project financing or when (assuming the Regional Project does not move forward) they receive repayment from parties to the Water Purchase Agreement (MCWD, Monterey County Water Resources Agency, and California-American Water Company), which is currently under mediation.

During last year's approval of MCWD's budgets and rates, some FORA Board members expressed concerns about Ord Community ratepayers covering costs associated with the Regional Project, but have not yet made explicit reference to this matter.

FORA staff has on several occasions advised MCWD to decouple the annual rate and budget process from the Regional Project. Given previous concerns, the Board might consider more explicit options to insulate the Ord Community ratepayers from further Regional Project expenditures. The Board might consider amending text in resolutions #12-6 and #12-7 to include language similar to the following: "No additional Ord Community resources should be used to further the Regional Desalination Project unless expressly authorized by the FORA Board."



**FISCAL IMPACT:**

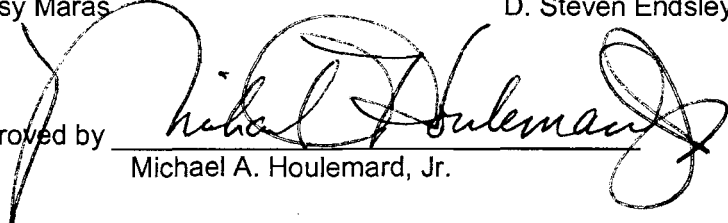
Reviewed by FORA Controller 

Staff time for this item is included in the approved FY 11-12 budget.

**COORDINATION:**

MCWD, WWOC, Administrative Committee, Executive Committee

Prepared by  Reviewed by   
Crissy Maras D. Steven Endsley

Approved by   
Michael A. Houlemard, Jr.

**Resolution No. 12-6**

Resolution of the Board of Directors  
Fort Ord Reuse Authority

Adopting the Budget and the Ord Community Compensation Plan for FY 2012-2013  
not including Capacity Charges

Attachment B to Item 5c  
FORA Board Meeting, 07/26/12

July 26, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a meeting duly called and held on July 26, 2012 at the business office of FORA at 910 2<sup>nd</sup> Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2012-2013 Budget (**Exhibit A**) which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for FY 2012-2013 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable MCWD to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the MCWD full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD cooperated in the conveyance to MCWD of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, MCWD has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, FORA and MCWD have agreed that water conservation is a high priority, and have implemented a water conservation program in the Ord Community service area that includes public education, various incentives to use low-flow fixtures, and water-conserving landscaping. The rates, fees and charges adopted by this Resolution are intended to support the water conservation program and encourage water conservation, pursuant to sections 375 and 375.5 of the California Water Code. This conservation program and these rates, fees and charges are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of Ord Community, and will enhance the economy and quality of life of the Monterey Bay community; and,

WHEREAS, estimated revenues from the rates, fees and charges will not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed, will not be used for any purpose other than that for which the fee or charge was imposed, will not exceed the proportional cost of the service attributable to each identified parcel upon which the fee or charge is proposed for imposition and no fee or charge will be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and,

WHEREAS, at a public meeting based upon staff's recommendations, the Board has determined that the Budget and Compensation Plan, including the rates, fees and charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and,

WHEREAS, on June 10, 2011, FORA held a joint hearing with the District on the rates, fees and charges, not including Capacity Charges, for the Compensation Plan pursuant to and in accordance with Section 6 of Article XIID of the California Constitution; and

WHEREAS, at the joint hearing, the Board heard and considered all protests to the Compensation Plan and the rates, fees and charges proposed and found that written protests were submitted by less than a majority of the record owners of each identified parcel upon which the fee or charge is proposed for imposition; and,

WHEREAS, Capacity Charges for the FY 2012-2013 are the subject of and will be adopted by a separate Resolution; and,

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water, recycled water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt FY 2012-2013 Budget and Compensation Plan, not including Capacity Charges for water, recycled water and wastewater services to the Ord Community.
2. The District is authorized to charge and collect rates for provision of water and wastewater services within the boundaries of FORA in accordance with the rates, fees and charges set forth in **Exhibit A**, not including Capacity Charges. The District is further authorized to use the same rates, fees and charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The rates, fees and charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed.
4. **No additional Ord Community resources should be used to further the Regional Desalination Project unless expressly authorized by the FORA Board.**

PASSED AND ADOPTED on July 26, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors \_\_\_\_\_  
Noes: Directors \_\_\_\_\_  
Absent: Directors \_\_\_\_\_  
Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Dave Potter, Chair

ATTEST:

\_\_\_\_\_  
Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-6 adopted July 26, 2012.

\_\_\_\_\_  
Michael A. Houlemard, Jr., Secretary



**Resolution No. 12-7**  
Resolution of the Board of Directors  
Fort Ord Reuse Authority

Attachment C to Item 5c FORA Board Meeting, 07/26/12
---

Adopting the Capacity Charge element of the Budget and the Ord Community Compensation  
Plan for FY 2012-2013

July 26, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a meeting duly called and held on July 26, 2012 at the business office of FORA at 910 2<sup>nd</sup> Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2012-2013 Budget which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for FY 2012-2013 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable the District to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, a financing study prepared by Citigroup Global Markets Inc. in 2005 for the District recommended the adoption of capacity charges as an element of financing capital facilities for water and wastewater services to the Ord Community; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the District full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and the District have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and the District have cooperated in the conveyance to the District of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, the District has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA’s jurisdiction under the authority of the Agreement, and provides such

services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, capacity charges are imposed as a condition of service to customers. The charges are not imposed upon real property or upon persons as an incident of real property ownership; and,

WHEREAS, estimated revenues from the capacity charges will not exceed the estimated reasonable costs of providing the facilities and services for which the charges are imposed; and,

WHEREAS, the capacity charges and have not been calculated nor developed on the basis of any parcel map, including any assessor's parcel map; and,

WHEREAS, no written requests are on file with the District for mailed notice of meetings on new or increased fees or service charges pursuant to Government Code Section 66016. At least 10 days prior to the meeting, the District made available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service; and

WHEREAS, the amount of the increase in capacity charges exceeds the percentage increase in the Implicit Price Deflator for State and Local Government Purchases, as determined by the Department of Finance. As a result, the District cannot charge the increased capacity fee to any school district, county office of education, community college district, state agency, or the University of California before first negotiating the increases with those entities in accordance with District Code section 6.16.020 and Government Code section 54999.3. Although these sections also apply to California State University at Monterey Bay, the District has complied with its obligation to negotiate with it and can charge the increased amounts to CSUMB as a result of and as limited by a Settlement Agreement and Mutual Release dated June 1, 2006, by which the District and California State University made an agreement regarding the amount of all future capacity charges. Accordingly, the District can charge the increased capacity charges as limited by the Settlement Agreement and Mutual Release immediately to CSUMB. The increased capacity charges to any other school district, state agency, county office of education, community college district or the University of California will be effective only when negotiations are concluded with those entities; and,

WHEREAS, after a public meeting and based upon staff's recommendations, the Board has determined that the capital elements of the Budget and Compensation Plan, including the capacity charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and

WHEREAS, the capacity charges set forth on **Exhibit A** to this Resolution have not changed from those approved in the FY 2011-2012 Budget and Compensation Plan; and,

WHEREAS, Government Code Section 54999.3 requires that before imposing certain capital facilities fees on certain educational and state entities, any public agency providing public utility service must negotiate with the entities receiving the service; and

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water and sewer service within existing service areas on the Ord

Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt the capital elements of the FY 2012-2013 Budget for water, recycled water and wastewater services to the Ord Community.
2. The capital elements of the compensation plan for the area of Ord Community within FORA’s jurisdiction, including capacity charges, set forth on **Exhibit A** to this Resolution are hereby approved and adopted. The District is authorized to charge and collect capacity charges for provision of water and wastewater services within the boundaries of the Fort Ord Reuse Authority in accordance with the schedule set forth in **Exhibit A**. The District is further authorized to use the same charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the charges are imposed.
4. **No additional Ord Community resources should be used to further the Regional Desalination Project unless expressly authorized by the FORA Board.**
5. The District will comply with the requirements of Government Code section 54999.3 before imposing a capital facilities fee (as defined in Government Code section 54999.1) on any school district, county office of education, community college district, the California State University, the University of California or state agency.

PASSED AND ADOPTED on July 26, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
Dave Potter, Chair

ATTEST:

\_\_\_\_\_  
Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-7 adopted July 26, 2012.

\_\_\_\_\_  
Michael A. Houlemard, Jr., Secretary

**Ord Community Water/Wastewater Systems**

**Draft Compensation Plan**

**For FY 2012-2013**

**Presented to**

**Fort Ord Reuse Authority**

**Board of Directors**

**July 26, 2012**

**by**

**Marina Coast Water District**



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## Draft FY 2012-2013 Ord Community Service Area Budget Summary

Introduction. The purpose of this summary is to provide an overview of the FY 2012-2013 Budget document and the key assumptions used in developing this Budget document.

In, accordance with Article 7 of the Water Wastewater Facilities Agreement between Marina Coast Water District (MCWD) and Fort Ord Reuse Authority (FORA), the District maintains separate cost centers to ensure that revenues and expenses are appropriately segregated and maintained for the Marina systems, the Ord Community systems, and the accruing costs for the Regional Water Augmentation Project. On October 25, 2006, the MCWD Board adopted Ordinance No. 43 which also requires the cost centers to remain separated after the expiration of the Agreement between MCWD and FORA.

District costs that are not dedicated to a specific cost center are shared among the four primary cost centers – Marina Water, Marina Wastewater Collection, Ord Community Water and Ord Community Wastewater Collection. Sharing of these expenses, in turn, creates efficiencies and cost savings for administrative functions for the two service areas that would otherwise not be realized. The District uses the operating expenses ratio to allocate the shared expenses. The allocation rate for the proposed fiscal year has changed based on previous year (FY 2010-2011) audited expenditure figures.

The FORA Board adopts the Ord Community budgets by resolution before MCWD Board adopts the entire budget, also by resolution.

A five-year financial plan and rate study was completed in 2008, however recommendations from the rate study are not fully incorporated in this budget document. The MCWD Board of Directors instead directed staff to prepare the budget based on a 5.0% rate increase instead of the 7.8% recommended in the rate study.

### Cost Centers:

- Ord Community Water
- Ord Community Wastewater Collection (Sewer)

### Assumptions:

- Revenues (proposed rate increase of 5.0%):
  - Ord Community Water \$5.627 million
  - Ord Community Wastewater Collection \$1.859 million
- Expenses:
  - Ord Community Water \$3.844 million
  - Ord Community Wastewater Collection \$0.764 million

- Debt Service on loans (principal/interest):
  - Ord Community Water \$1.714 million
  - Ord Community Wastewater Collection \$0.668 million
  
- Capital Replacement Reserve Fund:
  - Ord Community Water \$0.200 million
  - Ord Community Sewer \$0.100 million

Ord Community Water Rates (monthly):

	FY 2011-2012	FY 2012-2013
Meter Service Charge	\$17.11	\$17.97
First Tier (0-8 hcf)	2.33	2.45
Second Tier (8-16 hcf)	3.27	3.43
Third Tier (16+ hcf)	4.22	4.43
Average Monthly bill (13 units)	\$52.10	\$54.72
Flat Rate Billing	84.34	88.56

Ord Community Wastewater Collection Rates (monthly):

	FY 2011-2012	FY 2012-2013
Monthly Flat Fee Bill	\$25.56	\$26.84

Capacity Charge:

- Ord Community Water Capacity Charge \$5,750\* per equivalent dwelling unit
  - Ord Community Wastewater Collection Capacity Charge \$2,150 per equivalent dwelling unit
- \* Ord Community water capacity charge includes future contributions from FORA towards RUWAP Project

Monthly Capital Surcharge\*:

- Ord Community Water Monthly Capital Surcharge for NEW Customers (\$20.00 per EDU)
  - Ord Community Wastewater Monthly Capital Surcharge for NEW Customers (\$5.00 per EDU)
- \* Monthly Capital Surcharge applies to all new customers effective July 2005.

Annual Capital Improvement Programs:

- Ord Community Water \$0.637 million
- Ord Community Wastewater Collection \$0.659 million

District Staffing:

- Support for a staff of 36 positions:
  - Administration – 11
  - Operations & Maintenance – 17
  - Laboratory – 1
  - Conservation – 1
  - Engineering – 6



**ORD COMMUNITY  
WATER & WASTEWATER SYSTEM  
RATES, FEES and CHARGES  
FY 2012 - 2013  
Effective July 26, 2012**

**Water Consumption Charge**

0 - 8 hcf	First Tier	2.45	per hcf
8 - 16 hcf	Second Tier	3.43	per hcf
16+ hcf	Third Tier	4.43	per hcf
	Monthly Capital Surcharge (New EDU)	20.00	per EDU
	Flat Rate	88.56	per unit

**Monthly Minimum Water Charges**

<u>Size</u>	<u>Fee</u>
5/8" or 3/4"	17.97 per month
1"	44.90 per month
1 1/2"	89.76 per month
2"	143.62 per month
3"	269.29 per month
4"	448.82 per month
6"	897.63 per month
8"	1,795.28 per month

**Monthly Minimum Sewer Charges**

Monthly Wastewater Charge	26.84	per EDU
Monthly Capital Surcharge (New EDU)	5.00	per EDU

**Temporary Water Service**

Meter Deposit Fee	\$650.00
Hydrant Meter Fee (Set/Remove Fee)	\$140.00 one time fee
Hydrant Meter Fee (Relocate Fee)	\$140.00 per occurrence
Minimum Monthly Service Charge	86.35 per month
Estimated Water Consumption Deposit	\$1,100.00 minimum

**Repair, Replacement and Maintenance of Private Fire Hydrants (Monthly Charge)**

Single/Double Outlet, All Sizes	\$13.50 per month
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**Capacity Charges (Effective Date: July 1, 2012)**

Water	\$5,750.00 per edu
Sewer	\$2,150.00 per edu

**MARINA & ORD COMMUNITY  
WATER & WASTEWATER SYSTEM  
RATES, FEES and CHARGES  
FY 2012 - 2013  
Effective July 26, 2012**

**Labor Charges**

General Manager	\$189.86 per hour
Deputy General Manager/District Engineer	\$124.67 per hour
District Counsel	\$124.53 per hour
Director of Administrative Services	\$91.77 per hour
Capital Projects Manager	\$78.48 per hour
Projects Manager	\$84.80 per hour
Associate Engineer	\$76.03 per hour
Assistant Engineer	\$55.86 per hour
Engineering Administrative Assistant	\$50.38 per hour
Lab Supervisor	\$73.92 per hour
O&M Superintendent	\$90.99 per hour
O&M Supervisor	\$86.23 per hour
Operations & Maintenance System Operator 3	\$72.01 per hour
Operations & Maintenance System Operator 2	\$66.15 per hour
Operations & Maintenance System Operator 1	\$59.86 per hour
Conservation Specialist	\$53.48 per hour

**Equipment Charges**

Work Truck	\$20.00 per hour
Backhoe Tractor	\$30.00 per hour
Vactor Truck	\$30.00 per hour
Dump Truck	\$30.00 per hour
Ground Penetrating Radar Uit	\$10.00 per hour

**Miscellaneous Charges**

Photocopy Charges	\$0.10 per copy
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**Water Meter Installation Fee**

(includes box and meter)

<u>Size</u>	<u>Fee</u>
5/8" or 3/4"	\$350.00
1"	\$400.00
1 1/2"	\$450.00
2"	\$700.00
3" or Larger	

Actual direct and indirect cost to district.

Advance payment to be based on estimated cost.

**Other Fees and Charges**

Preliminary Project Review Fee (large projects)	\$500.00
Plan Review Fees:	
Existing Residential Modifications	\$200.00 per unit plus additional fees
Existing Commercial Modifications	\$400.00 per unit plus additional fees
Plan Review	\$500.00 per unit plus additional fees
Water/Sewer Permit Fee	\$30.00 each
Small Project Inspection Fee (single lot)	\$400.00 per unit
Large Project Inspection Fee (large projects)	\$500.00 per unit plus 3% of water & sewer construction cost
Building Modification/Addition Fee	\$200.00 per unit
Deposit for a Meter Relocation	\$200.00 deposit, plus actual costs
Mark and Locate Fee (USA Markings)	\$100.00 first mark and locate at no-charge, each additional for \$100
Backflow/Cross Connection Control Fee	\$45.00 per device
Additional Backflow/Cross Connection Device	\$30.00 per device
Deposit for New Account	\$35.00 per edu
Meter Test Fee	\$15.00 for 3/4" meter, actual cost for 1" and larger
Returned Check Fee	\$15.00 per returned item

# **Ord Community Water System**

MARINA COAST WATER DISTRICT  
ORD COMMUNITY WATER SYSTEM OPERATIONS  
PROPOSED BUDGET

EXHIBIT W-1

	Actual Ord Community Water Expenses FY 2009-2010	Actual Ord Community Water Expenses FY 2010-2011	Adopted Budget Ord Community Water Expenses FY 2011-2012	Estimated Ord Community Water Expenses FY 2011-2012	Proposed Budget Ord Community Water Expenses FY 2012-2013	BUD vs BUD % CHANGE	BUD vs EST % CHANGE
<b>Administration/Management</b>							
Personnel	\$643,839	\$621,526	\$570,330	\$619,026	\$703,830	23.4%	13.7%
Expenses	\$395,786	\$533,849	\$696,660	\$654,675	\$696,100	-0.1%	6.3%
Insurance	\$48,775	\$54,712	\$67,500	\$66,985	\$62,000	-8.1%	-7.4%
Legal	\$68,770	\$70,818	\$62,100	\$68,531	\$15,000	-75.8%	-78.1%
Interest Expense	\$784,479	\$1,214,441	\$1,158,750	\$1,155,391	\$1,072,122	-7.5%	-7.2%
subtotal	\$1,941,649	\$2,495,346	\$2,555,340	\$2,564,608	\$2,549,052	-0.2%	-0.6%
<b>Operations &amp; Maintenance</b>							
Personnel	\$676,431	\$665,258	\$1,115,890	\$806,010	\$806,363	-27.7%	0.0%
Maintenance Expenses	\$267,449	\$222,368	\$223,990	\$182,984	\$226,900	1.3%	24.0%
Power Costs	\$360,444	\$431,469	\$490,250	\$434,982	\$539,450	10.0%	24.0%
Annual Maintenance	\$2,833	\$61,067	\$50,000	\$30,000	\$50,000	0.0%	66.7%
subtotal	\$1,307,157	\$1,380,162	\$1,880,130	\$1,453,976	\$1,622,713	-13.7%	11.6%
<b>Laboratory</b>							
Personnel	\$164,473	\$134,898	\$157,530	\$84,209	\$109,171	-30.7%	29.6%
Equipment/Expenses	\$23,420	\$29,522	\$44,010	\$44,010	\$49,961	13.5%	13.5%
Lab Contract Services	\$8,229	\$17,633	\$36,000	\$36,000	\$37,800	5.0%	5.0%
subtotal	\$196,122	\$182,053	\$237,540	\$164,219	\$196,932	-17.1%	19.9%
<b>Conservation</b>							
Personnel	\$129,780	\$131,848	\$144,550	\$102,208	\$92,583	-36.0%	-9.4%
Expenses	\$38,042	\$39,200	\$64,205	\$60,806	\$48,460	-24.5%	-20.3%
subtotal	\$167,822	\$171,048	\$208,755	\$163,014	\$141,043	-32.4%	-13.5%
<b>Engineering</b>							
Personnel	\$152,064	\$169,798	\$264,830	\$332,936	\$341,245	28.9%	2.5%
Expenses	\$74,406	\$33,438	\$4,180	\$3,386	\$1,250	-70.1%	-63.1%
Outside Consultants	\$40,620	\$13,746	\$21,000	\$51,882	\$63,750	203.6%	22.9%
subtotal	\$267,090	\$216,982	\$290,010	\$388,204	\$406,245	40.1%	4.6%
<b>Total Operating Expenses</b>	<b>\$3,879,840</b>	<b>\$4,445,591</b>	<b>\$5,171,775</b>	<b>\$4,734,021</b>	<b>\$4,915,985</b>	<b>-4.9%</b>	<b>3.8%</b>

**MARINA COAST WATER DISTRICT  
ORD COMMUNITY WATER SYSTEMS  
CAPITAL IMPROVEMENT PROJECT BUDGET FOR FY 2012-2013**

**EXHIBIT W-2**

<b>Project No.</b>	<b>Project Name</b>	<b>Amount</b>
WD-0203	MCWD Fort Ord Office Landscape Project	\$10,250
WD-0115	SCADA System Improvements - Phase I	\$204,000
OW-0119	Demolish D-Zone Reservoir	\$167,000
OW-0222	Eastern Distribution System - Phase II	<u>\$230,000</u>
	<b>TOTALS</b>	<b><u>\$611,250</u></b>

Capital Improvement Project Sheet

<b>Project:</b>	MCWD Fort Ord Office Landscape Project
<b>Project No:</b>	WD-0203
<b>Cost Center:</b>	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

**Project Description**  
 This project is for completing the installation of landscaping at MCWDs' Fort Ord Office located at 2840 4th Avenue in Marina, CA. the project scope includes installing a "water-wise" irrigation system and the planting of native plant species and other low water use plants.

**Project Justification**  
 A landscape installed as a demonstration "garden", which will be open to the general public, will enhance the public's understanding of the District's landscape and conservation ordinances.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services		11,500						11,500
Internal Services		9,000						9,000
<b>Property / Easement Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	0	20,500	0	0	0	0	0	20,500

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	0	6,150	0	0	0	0	0	6,150
02 - Marina Sewer	02-00-160-402	9%	0	1,845	0	0	0	0	0	1,845
03 - Ft Ord Water	03-00-160-402	50%	0	10,250	0	0	0	0	0	10,250
04 - Ft Ord Sewer	04-00-160-402	11%	0	2,255	0	0	0	0	0	2,255
										0
<b>Funding By Fiscal Year</b>			0	20,500	0	0	0	0	0	20,500

Capital Improvement Project Sheet

<b>Project:</b>	SCADA System Improvements - Phase I
<b>Project No:</b>	WD-0115
<b>Cost Center:</b>	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

**Project Description**  
 This project is for improving the Supervisory, Control, and Data Acquisition (SCADA) facilities. MCWD has more than 40 (current) remote water and sewer infrastructure sites that need SCADA improvement. The current phase of the project will result in functional and expandable SCADA "hubs" that will transmit signals to MCWD's O&M control room while the future phases will up-grade the remote sites.

**Project Justification**  
 This project is needed to increase the reliability of the SCADA facilities. A well-functioning SCADA system is fundamental to efficient operation of water and wastewater systems and reliable SCADA facilities reduce risk because problems with remote infrastructure can be identified, communicated and/or prevented prior to failure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services	554,890	400,000	125,000	125,000	125,000	125,000		1,454,890
Internal Services		8,000	10,000	10,000	10,000	10,000		48,000
<b>Property / Easement Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	<b>554,890</b>	<b>408,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>0</b>	<b>1,502,890</b>

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	166,467	122,400	40,500	40,500	40,500	40,500	0	450,867
02 - Marina Sewer	02-00-160-402	9%	49,940	36,720	12,150	12,150	12,150	12,150	0	135,260
03 - Ft Ord Water	03-00-160-402	50%	277,445	204,000	67,500	67,500	67,500	67,500	0	751,445
04 - Ft Ord Sewer	04-00-160-402	11%	61,038	44,880	14,850	14,850	14,850	14,850	0	165,318
										0
<b>Funding By Fiscal Year</b>			<b>554,890</b>	<b>408,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>0</b>	<b>1,502,890</b>

Capital Improvement Project Sheet

<b>Project:</b>	Demolish D-zone Reservoir
<b>Project Number:</b>	OW-0119
<b>Cost Center:</b>	Ord Community Water

**Project Description**  
 This project is for demolishing the out of service D-zone reservoir tank. The concrete tank to be removed is located at the remote D/E Reservoir Site northeast of Fitch Park.

**Project Justification**  
 This project is a remaining task from the original "Replace D/E Reservoir" Project (for constructing the currently utilized D-zone reservoir and the E-zone Booster Pump Station). The demolition needs to occur in order to allow a Recycled Water Reservoir and an additional D-zone reservoir tank to be constructed. Completing this project soon will avoid delays in constructing the Recycled Water Infrastructure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services		150,000						150,000
Internal Services		17,000						17,000
<b>Property Easement / Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	0	167,000	0	0	0	0	0	167,000

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
03 - Fort Ord Water	03-00-160-330	100%	0	167,000	0	0	0	0	0	167,000
				0	0	0	0	0	0	0
<b>Funding By Fiscal Year</b>			0	167,000	0	0	0	0	0	167,000



Capital Improvement Project Sheet

<b>Project:</b>	Eastern Distribution System - Phase II
<b>Project Number:</b>	OW-0222
<b>Cost Center:</b>	Ord Community Water

**Project Description**  
 This project is for adding additional municipal water supply well(s) at the eastern edge of MCWD's service area. The scope of this project includes investigating the feasibility of adding potable water supply wells, designing the wells, and designing the connection of the wells to MCWD's potable water distribution system.

**Project Justification**  
 This project is intended to increase MCWD's reliable water supply. The Eastern Distribution System projects were identified in the 2006 MCWD Water Master Plan prepared by Carollo Engineers.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services	15,000	205,000						220,000
Internal Services	5,000	25,000						30,000
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services								0
Internal Services								0
<b>Property Easement / Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	20,000	230,000	0	0	0	0	0	250,000

Project Funding / Cost Centers	GL CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
03 - Fort Ord Water		100%	20,000	230,000	0	0	0	0	0	250,000
										0
										0
										0
<b>Funding By Fiscal Year</b>			20,000	230,000	0	0	0	0	0	250,000

**MARINA COAST WATER DISTRICT  
ORD COMMUNITY WATER SYSTEM OPERATIONS  
REVENUE PROJECTIONS**

**EXHIBIT W-3**

	Actual FY 2009-2010	Actual FY 2010-2011	Adopted FY 2011-2012	Estimated FY 2011-2012	Proposed FY 2012-2013	BUD vs BUD %	BUD vs EST %
<b>Number of water services</b>							
# Flat Rate Customers	1,200	1,200	1,200	1,100	1,100		
# Metered Customers	2,988	2,808	2,808	2,908	2,908		
<b>Total Customers</b>	<b>4,188</b>	<b>4,008</b>	<b>4,008</b>	<b>4,008</b>	<b>4,008</b>		
<b>Annual Water Usage (in AF)</b>							
Metered use	1,310	1,650	1,790	1,820	1,800		
Unmetered use / Losses	1,350	800	800	770	770		
<b>Total Water Usage</b>	<b>2,660</b>	<b>2,450</b>	<b>2,590</b>	<b>2,590</b>	<b>2,570</b>		
<b>Monthly Service Charges</b>							
Flat Rate Billing	\$74.58	\$80.40	\$84.34	\$84.34	\$88.56		
Metered Service Charge - 3/4" Meter	\$15.13	\$16.31	\$17.11	\$17.11	\$17.97		
<b>Monthly Quantity Rates</b>							
Tier 1 (0-8 hcf)	\$2.06	\$2.22	\$2.30	\$2.30	\$2.45		
Tier 2 (8 - 16 hcf)	\$2.89	\$3.12	\$3.27	\$3.27	\$3.43		
Tier 3 (16+ hcf)	\$3.73	\$4.02	\$4.22	\$4.22	\$4.43		
Monthly Capital Surcharge (per EDU)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00		
<b>Annual Revenue Calculations</b>							
Flat Rate Accounts	1,263,332	1,196,319	1,253,000	1,121,472	1,177,545	-6.0%	5.0%
Metered Accounts	2,714,635	3,059,444	3,196,000	3,078,378	3,232,297	1.1%	5.0%
Other Water Sales	0	928,836	893,000	914,752	915,000	2.5%	0.0%
Other Fees & Charges	472,054	423,922	62,500	96,613	59,500	-4.8%	-38.4%
<b>A Total Operating Revenue</b>	<b>\$4,450,021</b>	<b>\$5,608,521</b>	<b>\$5,404,500</b>	<b>\$5,211,215</b>	<b>\$5,384,342</b>	<b>-0.4%</b>	<b>3.3%</b>
B Capacity Fee (\$5,750 per EDU)	699,198	351,099	50,000	49,434	50,000	0.0%	1.1%
C Capital Surcharge Revenue	47,787	78,815	80,000	81,782	80,000	0.0%	-2.2%
D Bond Revenue	19,882	22,567	19,880	22,565	22,580	13.6%	0.1%
E Grant Revenue	33,243	783,326	800,000	850,920	0	-100.0%	-100.0%
F Non-operating Revenue (Including Interest Income)	289,844	117,212	90,500	105,448	90,540	0.0%	-14.1%
<b>TOTAL REVENUE (A through F)</b>	<b>\$5,539,975</b>	<b>\$6,961,540</b>	<b>\$6,444,880</b>	<b>\$6,321,364</b>	<b>\$5,627,462</b>	<b>-12.7%</b>	<b>-11.0%</b>
G Operating Expenditures	3,715,598	4,136,536	4,829,775	4,388,839	4,569,985	-5.4%	4.1%
H CIP Projects	0	3,804,699	4,835,929	1,100,000	611,250	-87.4%	-44.4%
I General Capital Outlay	133,882	75,993	95,600	90,200	159,940	67.3%	77.3%
J Debt Service	270,000	682,500	612,500	612,500	656,931	7.3%	7.3%
K Capital Replacement Reserve Fund	200,000	200,000	200,000	200,000	200,000	0.0%	0.0%
L Payments to Land Use Jurisdictions/FORA							
Reimb. to Land Use Agencies (5% of OR)	28,772	49,803	30,000	33,039	34,000	13.3%	2.9%
FORA Admin/Liaison Fees	25,000	25,000	25,000	25,000	25,000	0.0%	0.0%
Reimbursements to FORA (5% of OR)	73,470	197,252	250,000	250,143	250,000	0.0%	-0.1%
Mmbrshp on FORA Bd. of Directors (1% of OR)	37,000	37,000	37,000	37,000	37,000	0.0%	0.0%
<b>TOTAL EXPENDITURES (G through L)</b>	<b>\$4,483,722</b>	<b>\$9,208,783</b>	<b>\$10,915,804</b>	<b>\$6,736,721</b>	<b>\$6,544,106</b>	<b>-40.0%</b>	<b>-2.9%</b>
<b>TRANSFER FROM/(TO) RESERVES</b>	<b>(\$1,056,253)</b>	<b>\$2,247,243</b>	<b>\$4,470,924</b>	<b>\$415,357</b>	<b>\$916,644</b>		
<b>NET REVENUE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

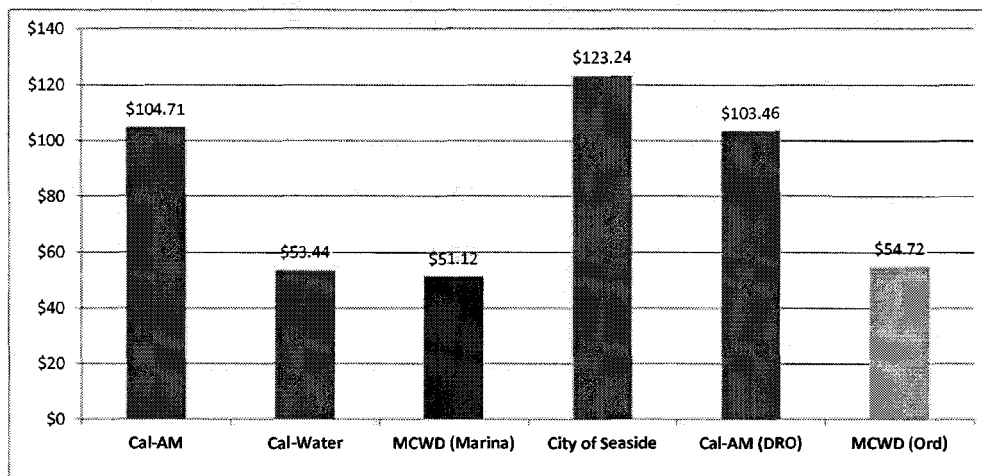
MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY

Revised March 12, 2012

TYPE OF FEE	CAL-AM <sup>1</sup>	California Water Service Company <sup>4</sup>	Proposed MCWD City of Marina <sup>3</sup>	Seaside Mun. Water <sup>2</sup>	City of Del Rey Oaks (Cal-Am) <sup>1</sup>	Proposed MCWD Ord Community <sup>3</sup>	Median Rates
Quantity Rate per 100 cu.ft.							
1st tier	\$0.2798	\$1.9067	\$2.29	\$3.59	\$0.2798	\$2.45	\$2.10
2nd tier	\$0.4068	\$2.0070	\$2.79	\$7.77	\$0.4068	\$3.43	\$2.40
3rd tier	\$0.8136	\$2.2479	\$5.09	\$12.59	\$0.8136	\$4.43	\$3.34
4th tier	\$1.6272			\$17.96	\$1.6272		\$1.63
5th tier	\$2.8475			\$24.64	\$2.8475		\$2.85
6th tier				\$32.15			
Breakpoint for 1st tier	40	600	800	400	40	800	500
Breakpoint for 2nd tier	80	1,100	1,600	1,000	80	1,600	1,050
Breakpoint for 3rd tier	120	1700+	1600+	2,000	120	1600+	1,600
Breakpoint for 4th tier	160			3,000	160		
Breakpoint for 5th tier	200			4,000	200		
				4,000 +			
Meter Service Charge per month							
3/4-inch	\$13.29	\$24.49	\$18.85	\$24.49	\$13.29	\$17.97	\$18.41
Service Charge (hcf)		0.200					\$0.20
Service Charge (monthly)	3.8100	1.547			2.5600		\$2.56
Surcharges (%)	7.6280				7.6280		\$7.63
Surcharges	3.71	-1.163			3.71		\$3.71
<b>For illustrative purposes only, monthly rates based on 13 hcf/month, or 0.358 acre feet/year</b>	<b>\$104.71</b>	<b>\$53.44</b>	<b>\$51.12</b>	<b>\$123.24</b>	<b>\$103.46</b>	<b>\$54.72</b>	<b>\$66.46</b>

- 1. Rates effective as of July 1, 2011.
- 2. Proposed rates effective as of July 1, 2012.

MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY - 13 hcf



2011 Ord Community Water Consumption vs. Allocation (in Acre Feet per year)

EXHIBIT W-5

Entity	2010 Consumption	2011 Consumption	Fort Ord Reuse Plan Allocation (AFY)	% of
<b>OMC</b>				
Nonresidential	45	36		
Residential	182	201		
Residential (e)	410	401		
Irrigation	39	39		
<b>Subtotal</b>	<b>676</b>	<b>677</b>	<b>1,577.0 (1) (4)</b>	<b>43%</b>
Construction Water - Army	3	0		
<b>CSUMB</b>				
Main Campus	136	182		
CSUMB Housing (metered)	232	244		
CSUMB Housing (e)	0	0		
CSUMB Irrigation	35	35		
CSUMB Irrigation (e)	0	0		
<b>Subtotal</b>	<b>403</b>	<b>461</b>	<b>1,035.0</b>	<b>45%</b>
UC MBEST	3	2	230.0	
County	10	10	710.0 (7)	
County/State Parks	0	0	45.0	
Cty/Del Rey Oaks	0	0	242.5 (6)(7)	
Cty/Monterey	0	0	65.0	
Cty/Marina (Sphere)	0	0	10.0	
<b>Subtotal</b>	<b>13</b>	<b>12</b>	<b>1,302.5</b>	<b>1%</b>
<b>Seaside</b>				
Golf Course	349	430		
MPUSD	100	78		
Brostrom	60	59	85.0 (4)	
Thorson	60	69	120.0 (3)	
Seaside Highlands	166	166		
Monterey Bay Land, LLC	0	0	114.0 (5)	
Other	5	5	693.0 (7)	
<b>Subtotal</b>	<b>740</b>	<b>806</b>	<b>1,012.0 (4)</b>	<b>80%</b>
Construction Water - Seaside	51	1		
<b>Marina</b>				
Preston/Abrams	177	174		
Airport	10	7		
Other	69	78		
<b>Subtotal</b>	<b>256</b>	<b>258</b>	<b>1,325.0 (7)</b>	<b>20%</b>
Construction Water - Marina	15	5		
<b>Total</b>	<b>2,157</b>	<b>2,221</b>	<b>6,251.5</b>	<b>36%</b>
Assumed Line Loss	232 (8)	127 (8)	348.5 (7)	
Total Extracted	2389	2348		
Reserve	4211	4252	0 (7)	
<b>Total</b>	<b>6600</b>	<b>6600</b>	<b>6,600</b>	

**Notes:**

(e) indicates water use is estimated; meters are not installed.

**Footnotes:**

(1) The 1996/1998 FORA Board Allocation Plan reflects 1410 afy that considers future conservation on the POM Annex. The OMC's current reservation of 1577 afy reflects the decrease of 38 afy and 114 afy (see footnote [4]) from the original 1729 afy. The FORA Board has not yet revised the allocation numbers to reflect this change.

(3) The Sunbay/Thorson property was given its own allocation (120 afy) as part of the transfer of real estate from the US Army to the Southwest Sunbay Land Company.

(4) Seaside's original allocation of 710 afy was augmented by 38 afy by agreement with the OMC and Brostrom, and by 114 afy under final terms of the land exchange agreement among the City of Seaside, Monterey Bay Land, LLC and the US Army.

(5) 114 afy of Monterey Bay Land, LLC controlled potable water includes the proviso that the City of Seaside shall use no less than 39 afy of such water for affordable or workforce housing.

(6) The FORA Board approved an additional 17.5 afy for Del Rey Oaks on 05/13/2005.

(7) In January 2007, the FORA Board changed the 150 afy interim use loans to Marina, Seaside, Del Rey Oaks and Monterey County in October 1998 to add to their permanent allocations.

(8) Line loss figures include water transferred from Ord to Marina system through the inter-tie. The transferred numbers are tracked in the SCADA system and will be repaid back to Ord from Marina over time.

# **Ord Community Wastewater System**

**MARINA COAST WATER DISTRICT  
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS  
PROPOSED BUDGETS**

	Actual Ord Community Wastewater Expenses FY 2009-2010	Actual Ord Community Wastewater Expenses FY 2010-2011	Adopted Budget Ord Community Wastewater Expenses FY 2011-2012	Estimated Ord Community Wastewater Expenses FY 2011-2012	Proposed Budget Ord Community Wastewater Expenses FY 2012-2013	BUD vs BUD % CHANGE	BUD vs EST % CHANGE
<b>Administration/Management</b>							
Personnel	\$180,898	\$160,948	\$116,190	\$132,736	\$154,850	33.3%	16.7%
Expenses	\$44,393	\$66,762	\$80,220	\$76,196	\$89,030	11.0%	16.8%
Insurance	\$13,705	\$13,640	\$13,750	\$13,705	\$13,640	-0.8%	-0.5%
Legal	\$17,396	\$16,865	\$12,650	\$14,100	\$3,300	-73.9%	-76.6%
Interest Expense	\$301,475	\$467,421	\$466,560	\$460,709	\$395,300	-15.3%	-14.2%
subtotal	\$557,867	\$725,636	\$689,370	\$697,446	\$656,120	-4.8%	-5.9%
<b>Operations &amp; Maintenance</b>							
Personnel	\$185,755	\$198,580	\$233,100	\$272,321	\$230,318	-1.2%	-15.4%
Maintenance Expenses	\$42,206	\$93,134	\$96,520	\$41,147	\$109,510	13.5%	166.1%
Power Costs	\$49,521	\$50,056	\$57,100	\$48,010	\$52,825	-7.5%	10.0%
Annual Maintenance	\$5,270	\$809	\$10,000	\$10,000	\$15,000	50.0%	50.0%
subtotal	\$282,752	\$342,579	\$396,720	\$371,478	\$407,653	2.8%	9.7%
<b>Engineering Department</b>							
Personnel	\$126,911	\$159,077	\$68,820	\$90,841	\$77,761	13.0%	-14.4%
Expenses	\$1,709	\$994	\$1,100	\$1,853	\$275	-75.0%	-85.2%
Outside Consultants	\$7,642	\$10,560	\$5,500	\$47,598	\$17,850	224.5%	-62.5%
subtotal	\$136,262	\$170,631	\$75,420	\$140,292	\$95,886	27.1%	-31.7%
<b>TOTAL</b>	<b>\$976,881</b>	<b>\$1,238,846</b>	<b>\$1,161,510</b>	<b>\$1,209,216</b>	<b>\$1,159,659</b>	<b>-0.2%</b>	<b>-4.1%</b>

MARINA COAST WATER DISTRICT  
ORD COMMUNITY WASTEWATER SYSTEM  
CAPITAL IMPROVEMENT PROJECT BUDGET FOR FY 2012-2013

EXHIBIT WW-2

<b>Project No.</b>	<b>Project Name</b>	<b>Amount</b>
WD-0203	MCWD Fort Ord Office Landscape Project	\$2,255
WD-0115	SCADA System Improvements - Phase I	\$44,880
OS-0200	Clark Lift Station Improvement	\$395,000
OS-0150	East Garrison Lift Station Improvements	<u>\$217,000</u>
	<b>TOTALS</b>	<b><u>\$659,135</u></b>

Capital Improvement Project Sheet

<b>Project:</b>	MCWD Fort Ord Office Landscape Project
<b>Project No:</b>	WD-0203
<b>Cost Center:</b>	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

**Project Description**  
 This project is for completing the installation of landscaping at MCWDs' Fort Ord Office located at 2840 4th Avenue in Marina, CA. The project scope includes installing a "water-wise" irrigation system and the planting of native plant species and other low water use plants.

**Project Justification**  
 A landscape installed as a demonstration "garden", which will be open to the general public, will enhance the public's understanding of the District's landscape and conservation ordinances.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services		11,500						11,500
Internal Services		9,000						9,000
<b>Property / Easement Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	0	20,500	0	0	0	0	0	20,500

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	0	6,150	0	0	0	0	0	6,150
02 - Marina Sewer	02-00-160-402	9%	0	1,845	0	0	0	0	0	1,845
03 - Ft Ord Water	03-00-160-402	50%	0	10,250	0	0	0	0	0	10,250
04 - Ft Ord Sewer	04-00-160-402	11%	0	2,255	0	0	0	0	0	2,255
										0
<b>Funding By Fiscal Year</b>			0	20,500	0	0	0	0	0	20,500



Capital Improvement Project Sheet

Project:	SCADA System Improvements - Phase I
Project No:	WD-0115
Cost Center:	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

**Project Description**  
 This project is for improving the Supervisory, Control, and Data Acquisition (SCADA) facilities. MCWD has more than 40 (current) remote water and sewer infrastructure sites that need SCADA improvement. The current phase of the project will result in functional and expandable SCADA "hubs" that will transmit signals to MCWD's O&M control room while the future phases will up-grade the remote sites.

**Project Justification**  
 This project is needed to increase the reliability of the SCADA facilities. A well-functioning SCADA system is fundamental to efficient operation of water and wastewater systems and reliable SCADA facilities reduce risk because problems with remote infrastructure can be identified, communicated and/or prevented prior to failure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services								0
Internal Services								0
<b>Construction</b>								
External Services	554,890	400,000	125,000	125,000	125,000	125,000		1,454,890
Internal Services		8,000	10,000	10,000	10,000	10,000		48,000
<b>Property / Easement Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	<b>554,890</b>	<b>408,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>0</b>	<b>1,502,890</b>

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	166,467	122,400	40,500	40,500	40,500	40,500	0	450,867
02 - Marina Sewer	02-00-160-402	9%	49,940	36,720	12,150	12,150	12,150	12,150	0	135,260
03 - Ft Ord Water	03-00-160-402	50%	277,445	204,000	67,500	67,500	67,500	67,500	0	751,445
04 - Ft Ord Sewer	04-00-160-402	11%	61,038	44,880	14,850	14,850	14,850	14,850	0	165,318
										0
<b>Funding By Fiscal Year</b>			<b>554,890</b>	<b>408,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>135,000</b>	<b>0</b>	<b>1,502,890</b>

Capital Improvement Project Sheet

<b>Project:</b>	Clark Lift Station Improvement
<b>Project Number:</b>	OS-0200
<b>Cost Center:</b>	Ord Community Sewer

**Project Description**  
 This project is for replacing the current sanitary sewer lift station with an improved lift station. The project scope includes an up-graded concrete below-grade we-well, a dual submersible pump, and a valve vault. A back-up generator is also included in the scope. The project is located at the intersection of Brostrom and Clark Court in the Former Fort Ord portion on eastern Marina.

**Project Justification**  
 This project is needed because the existing lift station is beyond its useful life. The lift station is costly to maintain and operate; replacement will result in lower operational expense.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services								0
Internal Services								0
<b>Design</b>								
External Services		15,000						15,000
Internal Services		12,000						12,000
<b>Construction</b>								
External Services		360,000						360,000
Internal Services		8,000						8,000
<b>Property Easement / Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	0	395,000	0	0	0	0	0	395,000

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
04 - Fort Ord Sewer		100%	0	395,000	0	0	0	0	0	395,000
										0
										0
										0
<b>Funding By Fiscal Year</b>			0	395,000	0	0	0	0	0	395,000

Capital Improvement Project Sheet

<b>Project:</b>	East Garrison Lift Station Improvements
<b>Project Number:</b>	OS-0150
<b>Cost Center:</b>	Ord Community Sewer

**Project Description**  
 This project is for the East Garrison sanitary sewer lift station. The project scope for this phased project will mirror the flow-rate demands of the East Garrison development project. The initial phase will be an up-grade of the existing FORA-constructed facility. The project is located near the entrance of East Garrison, adjacent to Reservation Road.

**Project Justification**  
 The installation of the lift station facility provides sanitary sewer service for the future residents of the East Garrison Development; the first structures that might be occupied soon broke ground in April 2012. Future phases of the project will be implemented based on the progress of the development.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
<b>Cost Category / Phasing</b>								
<b>Planning</b>								
External Services	11,224							11,224
Internal Services								0
<b>Design</b>								
External Services	81,000	40,000	20,000			60,000		201,000
Internal Services		9,000	9,000			9,000		27,000
<b>Construction</b>								
External Services	231,796	160,000	60,000			650,000		1,101,796
Internal Services		8,000	8,000			12,000		28,000
<b>Property Easement / Acquisitions</b>								0
<b>Other Project Costs</b>								0
<b>Estimated Cost By Fiscal Year</b>	<b>324,020</b>	<b>217,000</b>	<b>97,000</b>	<b>0</b>	<b>0</b>	<b>731,000</b>	<b>0</b>	<b>1,369,020</b>

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
04 - Fort Ord Sewer	04-00-160-025	100%	324,020	217,000	97,000	0	0	731,000	0	1,369,020
										0
										0
										0
										0
<b>Funding By Fiscal Year</b>			<b>324,020</b>	<b>217,000</b>	<b>97,000</b>	<b>0</b>	<b>0</b>	<b>731,000</b>	<b>0</b>	<b>1,369,020</b>

**MARINA COAST WATER DISTRICT  
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS  
PROJECTED NET REVENUE**

**EXHIBIT WW-3**

		Actual FY 2009-2010	Actual FY 2010-2011	Adopted FY 2011-2012	Estimated FY 2011-2012	Proposed FY 2012-2013	BUD vs BUD %	BUD vs EST %
	Estimated # of EDU's	5,490	5,599	5,595	5,530	5,530		
	Flat Rate Billing per EDU	\$22.60	\$24.36	\$25.56	\$25.56	\$26.84		
	Monthly Capital Surcharge (per EDU)	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00		
	Annual Revenue - Flat Rate Billing	1,488,795	1,636,658	1,713,300	1,693,559	1,778,237	3.8%	5.0%
	Other Fees & Charges	49,615	15,075	11,000	5,794	5,000	-54.5%	-13.7%
<b>A</b>	<b>Total Operating Revenue</b>	<b>1,538,410</b>	<b>1,651,733</b>	<b>1,724,300</b>	<b>1,699,353</b>	<b>1,783,237</b>	<b>3.4%</b>	<b>4.9%</b>
<b>B</b>	<b>Capacity Fee (\$2,150 per EDU)</b>	<b>110,880</b>	<b>40,632</b>	<b>10,000</b>	<b>4,623</b>	<b>4,000</b>	<b>-60.0%</b>	<b>-13.5%</b>
<b>C</b>	<b>Capital Surcharge Revenue</b>	<b>10,511</b>	<b>18,370</b>	<b>18,000</b>	<b>18,570</b>	<b>18,000</b>	<b>0.0%</b>	<b>-3.1%</b>
<b>D</b>	<b>Bond Revenue</b>	<b>7,809</b>	<b>8,561</b>	<b>7,800</b>	<b>8,552</b>	<b>8,550</b>	<b>9.6%</b>	<b>0.0%</b>
<b>E</b>	<b>Non-Operating Revenue (Including Interest Income)</b>	<b>130,207</b>	<b>54,674</b>	<b>43,500</b>	<b>45,526</b>	<b>44,760</b>	<b>2.9%</b>	<b>-1.7%</b>
	<b>TOTAL REVENUE (A through E)</b>	<b>\$1,797,817</b>	<b>\$1,773,970</b>	<b>\$1,803,600</b>	<b>\$1,776,624</b>	<b>\$1,858,547</b>	<b>3.0%</b>	<b>4.6%</b>
<b>F</b>	<b>Operating Expenditures</b>	<b>1,001,696</b>	<b>1,226,910</b>	<b>1,149,510</b>	<b>1,197,216</b>	<b>1,147,659</b>	<b>-0.2%</b>	<b>-4.1%</b>
<b>G</b>	<b>CIP Projects</b>	<b>0</b>	<b>351,564</b>	<b>1,459,985</b>	<b>0</b>	<b>659,135</b>	<b>-54.9%</b>	<b>0.0%</b>
<b>H</b>	<b>General Capital Outlay</b>	<b>25,513</b>	<b>13,715</b>	<b>15,400</b>	<b>14,300</b>	<b>27,555</b>	<b>78.9%</b>	<b>92.7%</b>
<b>I</b>	<b>Debt Service (principal)</b>	<b>160,000</b>	<b>277,700</b>	<b>265,300</b>	<b>265,300</b>	<b>272,896</b>	<b>2.9%</b>	<b>2.9%</b>
<b>J</b>	<b>Capital Replacement Reserve Fund</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0.0%</b>	<b>0.0%</b>
<b>K</b>	<b>Reimb. To Land Use Agencies (5% of OR)</b>	<b>-24,815</b>	<b>11,936</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>TOTAL EXPENDITURES (F through K)</b>	<b>\$1,262,394</b>	<b>\$1,981,825</b>	<b>\$3,002,195</b>	<b>\$1,588,816</b>	<b>\$2,219,245</b>	<b>-26.1%</b>	<b>39.7%</b>
	<b>Transfer From/(To) Reserves</b>	<b>(\$535,423)</b>	<b>\$207,855</b>	<b>\$1,198,595</b>	<b>(\$187,808)</b>	<b>\$360,698</b>		
	<b>BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

**MONTHLY WASTEWATER COLLECTION RATES FOR REGION SURROUNDING THE ORD COMMUNITY**

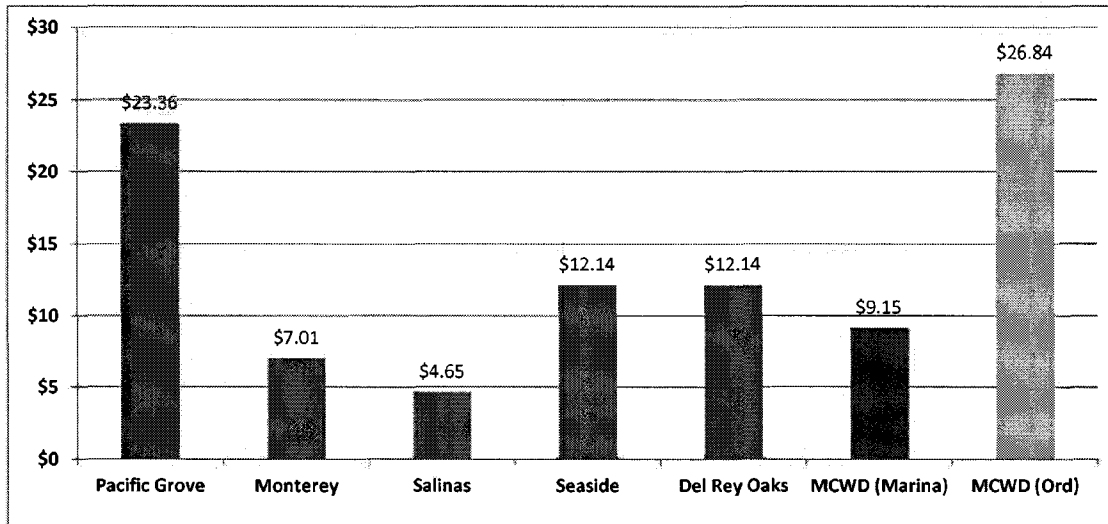
Revised March 12, 2012

SERVICE DESCRIPTION	City of Pacific Grove <sup>1</sup>	City of Monterey <sup>2</sup>	City of Salinas <sup>2</sup>	SCSD City of Seaside <sup>2</sup>	SCSD City of Del Rey Oaks <sup>2</sup>	Proposed MCWD City of Marina <sup>3</sup>	Proposed MCWD Ord Community <sup>3</sup>
Residential - per Living Unit	\$23.36	\$7.01	\$4.65	\$12.14	\$12.14	\$9.15	\$26.84
Business - 15 employees	\$31.83	\$7.18	\$6.44	\$18.74	\$18.74	\$13.73	\$40.26
Church - over 100 members	\$31.83	\$9.30	\$6.44	\$9.37	\$9.37	\$9.15	\$26.84
Laundromat - each washing machine	\$12.80	\$3.12	\$2.59	\$8.16	\$8.16	\$5.49	\$16.10
General Hospital - each bed	\$35.81	\$7.87	\$7.25	\$13.74	\$13.74	\$7.32	\$21.47
Motel/hotel - each room	\$9.69	\$2.02	\$1.96	\$5.27	\$5.27	\$2.29	\$6.71
Restaurant - each seat	\$4.41	\$0.52	\$0.89	\$1.35	\$1.35	\$0.64	\$1.88
High School/University - each student/faculty	\$0.35	\$0.10	\$0.07	\$0.25	\$0.25	\$0.64	\$1.88
Supermarket - 30 Employees	\$157.95	\$19.61	\$31.96	\$51.19	\$51.19	\$27.45	\$80.52

<sup>1</sup>Rate is 173% of MRWPCA rate

<sup>2</sup>Rate is for FY 2012/2013 based on 2011/2012 Prop 218 notice

<sup>3</sup>Rate is proposed for FY 2012/2013 based on 2011/2012 Prop 218 notice



**MCWD (Ord) rate will decrease as rate base increases. Current rate base must support operating costs and debt service on system.**

**Ord Community  
Reserves**

**MARINA COAST WATER DISTRICT  
ORD COMMUNITY RESERVE DETAIL  
PROJECTED AS OF JUNE 30, 2012**

**EXHIBIT RES-1**

<u>Description</u>	<b>Ord Water</b>	<b>Ord Sewer</b>	<b>TOTALS</b>
Debt Reserve Fund (2006 Bond)*	1,664,919	649,091	2,314,010
Debt Reserve Fund (2010 Bond)*	433,245	101,940	535,185
IOP CD Account*	1,683,239	396,056	2,079,295
Sub-total	<u>3,781,403</u>	<u>1,147,087</u>	<u>4,928,490</u>
<b>Capital Reserves</b>			
Bond Series 2006 Construction Funds**	-	912,065	912,065
Capacity Charge/Capital Surcharge**	1,934,670	273,954	2,208,623
Capital Replacement**	813,558	407,025	1,220,583
Sub-total	<u>2,748,228</u>	<u>1,593,044</u>	<u>4,341,272</u>
General Operating Reserve (#)	1,181,088	2,071,647	3,252,735
<b>Total Projected Reserve as of 06-30-2012</b>	<u><b>7,710,719</b></u>	<u><b>4,811,778</b></u>	<u><b>12,522,497</b></u>
<b><u>FY 2012-2013 Operating Reserve</u></b>			
Beginning operating reserve	1,181,088	2,071,647	3,252,735
A Proposed transfers to operations	(305,394)	-	(305,394)
Due to/(Due From) Interfund Transfers	1,289,105	(1,525,000)	(235,895)
B Proposed transfers from operations		298,437	298,437
<b>Projected Ending Balance @ 06-30-2013</b>	<u><b>2,164,799</b></u>	<u><b>845,084</b></u>	<u><b>3,009,883</b></u>
6 mths avg operating expenses required by Board***	2,159,976	550,888	2,710,864
<b>Projected available Operating Reserve @ 06-30-2013</b>	<u><b>4,823</b></u>	<u><b>294,196</b></u>	<u><b>299,019</b></u>
<b><u>FY 2012-2013 Capital Reserve</u></b>			
Beginning capital reserve	2,748,228	1,593,044	4,341,272
Proposed transfer to capital reserve	200,000	100,000	300,000
C Proposed transfer from capital reserve	(611,250)	(659,135)	(1,270,385)
<b>Projected Ending Balance @ 06-30-2013</b>	<u><b>2,336,978</b></u>	<u><b>1,033,909</b></u>	<u><b>3,370,887</b></u>
Capital minimum balance required by Board***	1,000,000	1,000,000	2,000,000
<b>Projected available Capital Reserve @ 06-30-2013</b>	<u><b>1,336,978</b></u>	<u><b>33,909</b></u>	<u><b>1,370,887</b></u>
<b>Proposed Net Transfers from (To)/From Reserves (A+B+C)</b>	<b>(916,644)</b>	<b>(360,698)</b>	<b>(1,277,342)</b>

# Loan of \$7,622,073 from Ord Water to Regional Project is expected to be reimbursed through Regional Project financing

\* Held by external Agencies

\*\* Restricted to only capital spending

\*\*\*Per Board Policy

Marina Coast Water District

Ord Community Water & Wastewater  
Five Year Capital Improvement Planning Budget  
FY 2012/13-16/17





DRAFT

**CAPITAL IMPROVEMENT PROJECTS - SUMMARY SHEET**  
**General Water (GW) - Summary**

CIP No.	PROJECT DESCRIPTION	PRIOR YEARS	FY 12/13 Current Year	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	TOTAL
GW-0211	Regional Desal (RD) Integration w/ Potable System	0	42,000	697,590	4,208,025	3,662,435	0	8,610,050
GW-0112	"A1/A2" Zone Tanks & B/C Booster Sta @ CSUMB	0	0	1,299,640	7,659,210	0	0	8,958,850
GW-0300	Marina & Ord Water Master Plan	0	0	350,000	0	0	0	350,000
GW-0112A	"A3" Zone Tank @ CSUMB	0	0	0	0	0	2,427,473	2,427,473
GW-0123	"B2" Zone Tank @ CSUMB	0	0	0	0	0	2,379,581	2,379,581
	<b>TOTALS</b>	<b>0</b>	<b>42,000</b>	<b>2,347,230</b>	<b>11,867,235</b>	<b>3,662,435</b>	<b>4,807,054</b>	<b>22,725,954</b>

Cost Centers	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
01 - Marina Water	30%	0	12,600	704,169	3,560,171	1,098,731	1,442,116	6,817,786
02 - Marina Sewer	9%	0	3,780	211,251	1,068,051	329,619	432,635	2,045,336
03 - Ft Ord Water	50%	0	21,000	1,173,615	5,933,618	1,831,218	2,403,527	11,362,977
04 - Ft Ord Sewer	11%	0	4,620	258,195	1,305,396	402,868	528,776	2,499,855
Funding By Fiscal Year		0	42,000	2,347,230	11,867,235	3,662,435	4,807,054	22,725,954



DRAFT

**CAPITAL IMPROVEMENT PROJECTS - SUMMARY SHEET**  
**Ord Sewer (OS) - Summary**

CIP No.	PROJECT DESCRIPTION	PRIOR YEARS	FY 12/13 Current Year	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	TOTAL
OS-0200	Clark Lift Station Improvement	0	395,000	0	0	0	0	395,000
OS-0150	East Garrison Lift Station Improvements	324,020	217,000	97,000	0	0	731,000	1,369,020
OS-0154	Del Rey Oaks -- Collection System Planning	0	0	54,080	0	0	0	54,080
OS-0208	Parker Flats Collection System	0	0	15,600	91,936	0	0	107,536
OS-0205	Imjin LS & Force Main Improvements -- Phase I	0	0	334,338	1,970,364	0	0	2,304,702
OS-0153	Misc. Lift Station Improvements	0	0	450,000	400,000	350,000	250,000	1,450,000
OS-0152	Booker, Hatten, Neeson LS Improvements Project	0	0	0	700,000	0	0	700,000
OS-0214	Intergarrison/8th Ave SS (for Eastside Pkwy developments)	0	0	0	1,124,864	0	0	1,124,864
OS-0202	DRO Gravity Sewer Main and GJMB Improvements	0	0	0	1,801,678	10,617,888	0	12,419,566
OS-0203	Giggling LS and FM Improvements	0	0	0	267,892	1,578,777	0	1,846,669
OS-0147	Ord Village Sewer Pipeline & Lift Station Impr Project	0	0	0	0	560,877	0	560,877
OS-0204	CSUMB Developments	0	0	0	0	0	568,649	568,649
OS-0207	Seaside Resort Sewer Imps. Project	0	0	0	0	0	303,739	303,739
OS-0148	Marina Heights Sewer Pipeline Improvements Project	0	0	0	0	0	761,465	761,465
OS-0149	Dunes Sewer Pipeline Replacement Projects	0	0	0	0	0	430,267	430,267
OS-0151	Cypress Knolls Sewer Pipeline Improvements Project	0	0	0	0	0	94,603	94,603
OS-0209	Imjin LS & Force Main Improvements -- Phase II	0	0	0	0	0	712,290	712,290
<b>TOTALS</b>		<b>324,020</b>	<b>612,000</b>	<b>951,018</b>	<b>6,356,734</b>	<b>13,107,542</b>	<b>3,852,013</b>	<b>25,203,327</b>

Cost Centers	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
04 - Ft Ord Sewer	100%	324,020	612,000	951,018	6,356,734	13,107,542	3,852,013	25,203,327
Funding By Fiscal Year		324,020	612,000	951,018	6,356,734	13,107,542	3,852,013	25,203,327

# FORT ORD REUSE AUTHORITY BOARD REPORT

## OLD BUSINESS

**Subject:** June 8, 2012 Tort Claim Filed Against FORA by Keep Fort Ord Wild (2<sup>nd</sup> Vote)

**Meeting Date:** July 26, 2012

**Agenda Number:** 5d

**ACTION**

### RECOMMENDATION:

Deny the "claim" submitted by Keep Fort Ord Wild on June 8, 2012. (**Attachment A**)

### BACKGROUND:

The California Tort Claims Act requires a formal claim to be filed with a public agency prior to filing suit against that agency to obtain an award of monetary damages. This "Claim" does not ask for damages. It asks for repayment of funds by the staff members who benefited by the alleged misappropriation of public funds.

The FORA Board voted 11-2 in favor of denying this Claim at its July 13, 2012 meeting. Due to the fact that the vote was not unanimous, the FORA Master resolution requires the item return for a 2<sup>nd</sup> vote.

### DISCUSSION:

This Claim alleges that FORA staff made a variety of expenditures that are not permitted by law. They include:

1. Salaries and benefits (paragraph 5)
2. Traffic tickets (paragraphs 7-8)
3. Business lunches (paragraph 9)
4. Holiday cards (paragraph 10)
5. Cookies (paragraph 10)
6. DSL for Exec Officer (paragraph 10)

The second item, traffic ticket, has been repaid. Several auditors have determined that the remainder of these expenditures is legitimate business expenses. For that reason this claim is without legal merit. It is a separate question whether the Board desires to adopt a more restrictive policy to govern expenditures and staff expense reimbursements.

### FISCAL IMPACT:

Reviewed by FORA Controller 

Unknown, depending on the response of the party filing the Claim.

### COORDINATION:

FORA Executive Committee and Administrative Committees.

Prepared by

  
Jerry Bowden

Approved by

  
Steve Endsley

**NOTICE OF CLAIM  
(Government Code section 910)**

**TO: FORT ORD REUSE AUTHORITY  
920 2<sup>nd</sup> Avenue, Suite A  
Marina, CA 93933**

1. This claim is filed by Keep Fort Ord Wild and its members. Keep Fort Ord Wild and its members are beneficially interested in the enforcement and application of laws assuring public accountability and public disclosure and responsible decision making by local governments. Petitioner and its members are vitally concerned with the way that fiscal decisions and land use decisions are made, particularly on the former Fort Ord.
2. For purposes of communications relating to this claim, contact Keep Fort Ord Wild c/o Law Offices of Michael W. Stamp, 479 Pacific Street, Monterey, CA 93940; Phone: (831) 373-1214.
3. This claim arises out of the actions of the Fort Ord Reuse Authority (FORA) relating to expenditures and gifts of public funds. FORA does not have adequate controls in force, allows reimbursements in violation of the Constitutional provision against the gift of public funds, and expends taxpayer funds for improper or dubious purposes.
4. All California public agencies are required by law and public policy to enforce policies in order to prevent (a) illegal gifts of public funds under the California Constitution, (b) illegal waste of public funds, and (c) expenditures not authorized by law or by written policy. Enforcement of actions may be brought in taxpayer suits under section 526(a) of the Code of Civil Procedure and other laws, or by enforcement actions by public officers such as the District Attorney or the California Attorney General. Keep Fort Ord Wild asserts that no claim need be filed before litigation is filed, and files this claim solely out of an abundance of caution in order to provide additional information to the FORA member agencies, and in order to demonstrate the good faith of Keep Fort Ord Wild under the California "catalyst" theory of the private Attorney General statutes.
5. FORA employs approximately 14 staff members full-time, and has a contract for part-time services by FORA's legal counsel. Of the 14 members, a disproportionate number of employees are paid in excess of \$100,000. In addition to base salaries, the employees receive additional compensation, including 19.5% PERS retirement compensation and, in one or more cases, additional time off that is then "sold" to FORA as a salary boost. The highest paid employee is the FORA Executive Officer, who is paid over \$200,000 per year in salary, plus approximately \$25,000 per year in additional compensation, plus the PERS contribution.

6. FORA compensation policy provides insufficient direction and specificity. Under the policy, the public does not know what expenses are being reimbursed to employees or why, or what controls and oversight exist.

7. The problem with not having adequate controls in place is that employees can make ad hoc determinations as to whether the taxpayers should pay for a particular personal expense of the employee. The problem is demonstrated by the traffic ticket that the Executive Officer was given while driving in Carmel. Despite clear and unequivocal Internal Revenue Service rules and precedents, public agency standard practices and policies, and despite FORA's own explicit policy against using public funds to pay traffic fines (FORA Travel Reimbursement Policy, section D, "Unallowable Travel Expenses, "traffic fines"), the Executive Officer submitted a claim for reimbursement for \$271 for the traffic fine, and then later submitted a claim for traffic school relating to that fine.

8. FORA paid both the fine and the traffic school cost. Neither of these expenses is a lawful reimbursement and both of them are unlawful gifts of public funds under the California Constitution. The FORA employee created an exception for himself under the applicable rules, asserting that because he was en route to Carmel to meet with the Carmel Mayor, he was entitled to the reimbursement as a business expense. The exception was invalid and void under public policy, the State Constitution, the State and Federal tax codes, and Government Code section 1090 (conflict of interest). The traffic violation reimbursement was processed and paid to the Executive Officer by FORA. Keep Fort Ord Wild alleges on information and belief that the reimbursement and the exception were not approved by the FORA Board or FORA Authority Counsel, or by anyone with supervisory authority over the actions of the Executive Officer, because there is no system in place to require or allow supervision of these types of decisions, and FORA management does not require it.

9. For years, the Executive Officer has sought and received reimbursements by FORA on a frequent basis for meals, even when he was not traveling out of the County, but when he was having routine daily meals at or near his workplace. The Executive Officer and other FORA officials seem to be applying FORA's travel reimbursement policy to routine local lunches at taxpayer expense. The FORA policy on local expenses (non-travel expenses) does not authorize reimbursement for everyday meals (Employee Business Expense Reimbursements). Many of the Executive Officer's reimbursement requests for local meals do not show the required pre-approval, and do not appear to be reviewed or approved by anyone other than the Executive Officer himself and the Controller who reports to the Executive Officer. In times of economic hardship for much of the community, FORA's free lunches for its top paid staff and for other public officers are particularly inappropriate. Many of the meals appear to be lunch meetings with the bill picked up by FORA. Some examples are provided below.

- The most recent of these lunches for which Keep Fort Ord Wild has obtained receipts typifies these expenditures: lunch for \$63 on March 9, 2012 while the Executive Officer and three other persons discussed the KFOR litigation over

lunch at Bayonet Black Horse Golf Club. There is no documentation for that lunch or for the many others that explain why the taxpayers paid the tab, why the participants did not pay for their own lunches, why the meeting took place over lunch instead of some other time during the work day, and why the expenses should not be classified as wages subject to income tax withholdings and payment of related taxes for FORA employees and gifts for other participants.

- Some local restaurant meals were attended only by FORA staff. For example, on July 28, 2011, the Executive Officer took three FORA employees to lunch at Bayonet Black Horse Golf Club, for which the taxpayers picked up the \$58 tab.
- Other FORA employee meals paid for by the taxpayers include:
  - a \$280 retirement party at Kula Ranch in August 2011.
  - a \$260 "farewell lunch" at P.F. Chang's in May 2011.
  - over \$480 for an "office holiday party" at The Whole Enchilada in December 2011.
  - a \$306 "holiday luncheon" at Bayonet Black Horse Golf Club in December 2010.
- On May 2, 2011, the Executive Officer, his spouse, another FORA official and his spouse, and two FORA attorneys went to dinner at Fandango Restaurant. Purportedly the group discussed the "ESCA contract, RSA contract, RQA issues." There is no explanation of why the 2007 Environmental Services Cooperative Agreement (ESCA) contract and 2007 Remedial Services Agreement (RSA) contract had to be discussed over dinner in 2011, or why the unidentified "issues" with the ongoing Residential Quality Assurance process could not be discussed during regular working hours. Apparently invoking the FORA policy for meals *while traveling*, the Executive Officer sought and received payment from FORA for the meal tab of the two FORA employees and the two FORA attorneys.
- Here are just a few more of the examples in FORA's files of meals for which the taxpayers picked up the cost.
  - On May 24, 2011, the Executive Officer and another employee took Marina Coast Water District General Manager Jim Heitzman to lunch at Kula Ranch, for which the taxpayers paid the \$78 tab.
  - On March 21, 2011, the Executive Officer met Monterey Peninsula College president Doug Garrison for lunch at Tusca at the Hyatt, for which the taxpayers paid \$41.
  - On January 31, 2011, the Executive Officer met FORA board member Dave Potter for a "monthly lunch" at the Hyatt, for which the taxpayers paid \$53.



- On January 18, 2011, the Executive Officer went to lunch with FORA attorney Jerry Bowden and the Seaside City Attorney at Kula Ranch for \$56, to discuss "Preston Park."
- On January 6, 2011, the Executive Officer took Seaside's then-mayor Ralph Rubio to lunch at El Palmar for \$26.
- On December 29, 2010, the Executive Officer took Curtis Weeks to lunch at Kula Ranch, for which the taxpayers paid the \$35 tab.
- The Executive Officer also has sought reimbursement for local restaurant meals he had with FORA contractors, such as the contractors working on the publicly funded multi-million dollar ESCA contracts. In those cases, the taxpayers paid for the meals of the Executive Officer and his guest(s).

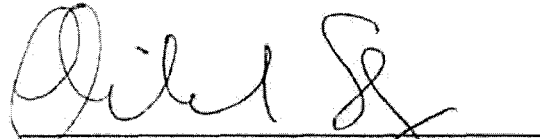
10. In December 2011, FORA wasted public funds by purchasing and mailing 99 holiday cards signed by the Executive Officer to FORA's Board members, FORA member agency employees, FORA contractors, and others, including the Executive Officer's spouse, with no legitimate governmental interest in doing so. Taxpayer dollars spent on such shameless self-promotion are of no public value, and represent the expenditure of public funds for no legitimate business purpose. Other expenditures, such as the special custom cookies "with edible custom design logo" (\$460 of cookies for three events in 2010 and 2011 – FORA Board meeting, FORA open house, General Jim Moore ribbon cutting), or the purchase of other items for personal use also are questionable and appear to constitute public waste or gifts of public funds, and should be investigated and evaluated by an outside person or party who is not part of the FORA management team. The Executive Officer has sought and received reimbursement for monthly DSL service to his home, even though that expense is not the kind that public agencies typically pay for. There is a sufficient amount and variety of unusual public agency spending by FORA to justify or require that a proper and independent audit of taxpayer expenditures be undertaken.

11. The remedy sought by Keep Fort Ord Wild by way of this claim and by way of any subsequent petition is the accounting for all expenditures, reimbursement to FORA's general fund by those persons who benefitted from or approved the expenditures, with interest, injunctive relief to protect the taxpayers from unauthorized, illegal or wasteful expenditures in the future, and the creation of sufficient safeguards to prevent waste and gifts in the future. The taxpayers should not be paying personal expenses of FORA managers, FORA consultants, and other governmental officials or "guests" of FORA. Traffic tickets, free lunches, home DSL service, and wasteful promotional expenses are not the types of expenditures for which FORA should be paying.

12. Because of the wholesale destruction of public records by FORA, as shown in the Keep Fort Ord Wild litigation currently ongoing, and the pattern and practice of FORA's destruction of public records without having any written policy in place, it is impossible for Keep Fort Ord Wild to fully identify, analyze and quantify the extent of

waste and gifts at FORA. Claimant Keep Fort Ord Wild is informed and believes, and on that basis alleges, that the amount in controversy is within the jurisdiction of the Superior Court as an unlimited civil matter.

Dated: June 8, 2012



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Law Offices of Michael W. Stamp  
Attorneys for Keep Fort Ord Wild

## FORT ORD REUSE AUTHORITY BOARD REPORT

### NEW BUSINESS

**Subject:** FORA Expense Reimbursement Policy

**Meeting Date:** July 26, 2012

**Agenda Number:** 6a

### INFORMATION/ACTION

#### **RECOMMENDATION:**

Adopt the following protocol:

1) Add review of FORA Expense Reimbursement Policies to forensic and annual audit contracts; 2) Direct staff to compile member jurisdiction expense reimbursement practices; 3) Request ad hoc subcommittee and Finance Committee review practices with staff to develop revised expense reimbursement policy; 4) Have draft policy reviewed by Forensic and Annual Auditors; 5) Present draft policy for Board approval.

#### **BACKGROUND:**

At its special meeting on June 18, 2012, the Executive Committee voted to recommend that the FORA Board 1. Hire a Forensic Auditor to perform an independent audit of certain specified expenditures; 2. Create an ad hoc committee consisting of the Finance Committee Chair and an Executive Committee member to oversee the forensic audit; 3. Recommend that staff develop a formal Expense Reimbursement Policy; 4. Agendize Executive Committee review of FORA check signing practices.

The first two recommendations were dealt with in another staff report that the Board approved in July 2012. Items 3 and 4 are dealt with in this staff report, although all four items may be considered in the context of improving organizational practices. This report will give a brief overview of the issues and recommend a path forward to develop a formal Expense Reimbursement Policy. The Board may wish to add additional topics for discussion or emphasis and/or require specified information be provided by staff at a subsequent meeting.

#### **DISCUSSION:**

It is noted that FORA already has an Expense Reimbursement Policy but it is assumed for the purposes of this assignment that it will be replaced with one that results from the review process. It is also noted that FORA already has a Travel Reimbursement Policy that should be consistent with any Expense Reimbursement Policy resulting from this process.

For the purposes of analysis, expense reimbursements might be divided into two categories, contractual/payroll related, and budgetary. In most cases, contractual/payroll related reimbursements and expenditures must conform to a distinct set of rules,

laws and regulations and are best considered separately. Budget authorized expenditures (including reimbursements) must also conform to certain rules, laws and regulations, but tend to be matters of policy set by the Board of Directors.

Beginning with Budget Authorized Expenditures, the usual control points are: not exceeding overall budgetary targets for certain categories (meals, travel, memberships, etc.) and/or not violating certain standards of practice (legal requirements, established business meal reimbursement policies, per diem, business purpose, and so on). Among the types of reimbursements to study in this category would be: what kinds of business meals will be reimbursed. An example: should there be limitations on reimbursements for individual business related meals that take place within proximity of the place of business? If an employee is required to drive their own car for work related purposes, will mileage to meetings that are not part of the regular commute be reimbursed; will professional dues and memberships be reimbursed; if for the convenience of the employer, should cell phones be provided to certain employees in case of emergency notifications, or when access to the employee is required and they are not in the office?

Another category of expenses are not actually reimbursements. These include provision of coffee, tea, bottled water, cookies and refreshments for staff, Administrative, Executive and Finance Committee meetings; cold cut lunches for regulatory personnel, law enforcement, trail users, and others who attend specialized monthly meetings during the lunch hour; pizza and other refreshments provided for public workshops, road openings, or informational meetings on topics relevant to FORA's mission (ESCA, Base Reuse Plan Reassessment, etc.); holiday card exchange with other agencies; annual holiday party; retirement parties for long time employees; for the most part, these appear to be discretionary expenditures that the Board may approve or discontinue based on budgetary priorities or common sense.

Payroll related reimbursements effect all employees and are governed by a number of FLSA and other regulatory requirements, as well as established case law and the IRS. Last year the Board commissioned a consultant to do a compensation study and adopted her recommendations to bring FORA employees to median salaries for the region. Medical/dental/vision and retirement costs are provided under longstanding contracts with CalPERS and insurance companies. Holidays and vacations are considered by the courts to be earned when accrued, meaning a 'use it or lose it' policy may not be adopted. Employees must be paid for accrued vacation either with vacation time off or a vacation buy-back. To minimize the budgetary effects, last year the Board approved a new policy limiting vacation accrual to 240 hours per employee, and vacation buy-backs to 80 hours per fiscal year.

Finally, some payroll compensation items are contractual, meaning they are limited to an individual employee as a contractual provision. The Executive Officer and Authority Counsel are the only employees currently under such management contracts. The Executive Officer receives a car allowance and DSL service. The rationale for the latter is related to a combination of time zone, work availability and health reasons best

discussed within the context of his employment contract. What is important to note is the Board has discretion regarding contractual arrangements and may negotiate different terms should industry standard or preference dictate.

The remaining set of issues for any expense reimbursement policy to deal with would be oversight and approval. The Executive Officer reviews and approves reimbursement requests for subordinate employees. Who should review reimbursements requested by the Executive Officer and Authority Counsel? Should it be the Chair of the Executive or Finance Committees? Or both? Should one of these elected officials review a monthly warrant list; list of all reimbursements made to all employees; bi-weekly payroll; cash out of paid leave, and travel reimbursements? Can a list of payroll reimbursements be readily prepared and appropriately reviewed or should they be paid by separate check? Industry standards and technical capability of the software may point the way. FORA has a dual check signing policy. Should additional signers or safeguards be added?

FORA's current policy is to reimburse expenses that qualify as legitimate business expenses, as recognized under federal (IRS, OMB A-87) and state rules (AB 1234). Although none of the prior four FORA auditors reported as questionable the kinds of reimbursements or payments described in this report, it would be prudent to: 1) Engage a second opinion from the forensic and successor auditors. Any practices they deem inappropriate or questionable should be discontinued immediately. Once any doubt as to legality is established, it is recommended that; 2) Staff is directed to compile practices and policies regarding reimbursements and expenditures from neighboring agencies. 3) Have staff review these practices with the Ad hoc subcommittee and Finance Committee and assemble them into a draft revised Expense Reimbursement Policy for FORA. 4) Have the draft policy peer reviewed by the forensic and successor auditors. 5) Present the draft policy for Board review/approval.

**FISCAL IMPACT:**

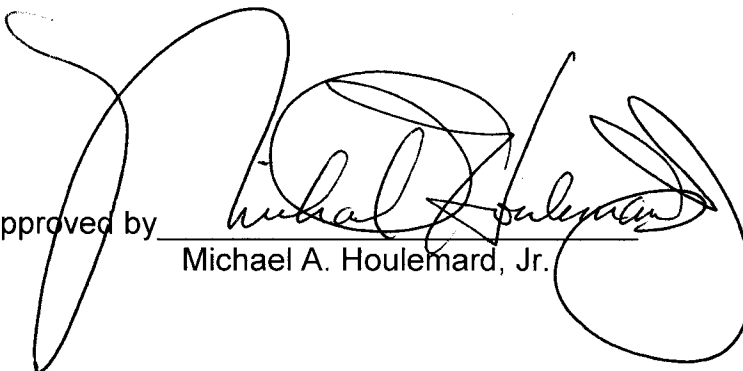
Reviewed by FORA Controller 

Staff time for this item is included in the approved FY 12-13 budget.

**COORDINATION:**

FORA Executive Committee.

Prepared by   
Steve Endsley

Approved by   
Michael A. Houlemard, Jr.

## FORT ORD REUSE AUTHORITY BOARD REPORT

### EXECUTIVE OFFICER'S REPORT

**Subject:** New Procedure for Public Correspondence to FORA Board

**Meeting Date:** July 26, 2012

**Agenda Number:** 7a

**INFORMATION**

**RECOMMENDATION(S):**

No action required.

**BACKGROUND:**

FORA staff has received numerous requests to institute a procedure that would permit members of the public to submit comments to the FORA Board members. Currently, comments for the Board regarding any item on an upcoming Board are submitted in writing to info@fora.org. All comments received at this email address are provided to the Board and made available for the public at the meeting in question. However, FORA currently has no procedure for distributing correspondence from members of the public to the Board regarding non-agenda items.

Staff presented this item to the Executive Committee at their June 27, 2012 meeting. The Committee directed staff to create a board@fora.org email address, which would be made available to members of the public wishing to submit comments for Board consideration. Correspondence received by board@fora.org would automatically forward to all members of the FORA Board. The email address would be posted on the FORA website and facebook pages, and all emails received at this address would be retained by FORA staff according to FORA's Record Retention Policy.

Staff will institute the above describe procedure on Monday, July 30, 2012.

**FISCAL IMPACT:**

Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

**COORDINATION:**

Executive Committee

Prepared by

  
Lena Spilman

Approved by

  
Michael A. Houlihan, Jr.