



Fort Ord Reuse Authority

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WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:00 AM WEDNESDAY, SEPTEMBER 5, 2012
910 2nd Avenue, Marina CA 93933 (Carpenter's Union Hall)

ACTION MINUTES

1. CALL TO ORDER AT 9:00 AM

Confirming a quorum, Chair Michael Houlemard called the meeting to order at 9:40 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Graham Bice, UCMBEST	Doug Yount, City of Marina	Carl Niizawa, MCWD
Mike Lerch, CSUMB	Justin Wellner, CSUMB	Patrick Breen, MCWD
Debby Platt, City of Marina	Bob Schaffer, MCP	Kelly Cadiente, MCWD
Rick Riedl, City of Seaside	Jonathan Garcia, FORA	Crissy Maras, FORA
Elizabeth Caraker, City of Monterey	Michael Houlemard, FORA	Jim Arnold, FORA

2. PUBLIC COMMENT PERIOD: None noted

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None noted

4. APPROVAL OF MEETING MINUTES: August 1, 2012

A correction was noted to the meeting date in one location. On a motion made by Doug Yount and seconded by Elizabeth Caraker, the August 1, 2012 meeting minutes were approved as corrected.

5. OLD BUSINESS

a. Fort Ord Water Augmentation Program - Update

Carl Niizawa introduced MCWD staff Sean Knight (RUWAP Project Engineer), Kelly Cadiente (Finance Director) and Patrick Breen (Capital Improvement Program Project Manager). The Fort Ord Water Augmentation Program was originally intended to provide potable and recycled water to augment the current Fort Ord water supply. Desalinated water was the planned potable water source. That project was expanded to include additional water to serve the peninsula's water needs. It then became known as the regional desalination project. The regional partnership collapsed. MCWD is attempting to recover their investment in the project. MCWD is refocusing on the original project, the RUWAP, to provide recycled and desalinated water to the former Fort Ord in phases. A proposal to hire Denise Duffy & Associates to evaluate options for potable water projects will be considered by the MCWD Board at their next meeting.

b. Recycled Water Pipeline alignment right-of-way/CSUMB status report

Sean Knight provided a map outlining the recycled water pipeline route and status of easements. Easements were required from seven entities. Two have requested reimbursement, CSUMB and MPUSD. CSUMB assessed the fair market value at \$570,000 and MPUSD requested that MCWD present an offer to their board. Jim Arnold noted the possibility of a different route to circumvent the campus.

Mike Lerch explained that a 2006 CSUMB/ MCWD agreement allowed the line through the campus with a fair market value appraisal. Some pipe is already installed in the roadway. CSUMB and MCWD are negotiating payment of the appraised value. Mr. Niizawa noted that CSUMB asked MCWD to install the pipe during roadway repairs so that future installation would not damage improvements.

Chair Houlemard noted public agencies can negotiate with each other to realize the value of their assets, including credits, services, etc. and encouraged MCWD and CSUMB to explore all options.

Mr. Yount added that since these potential costs could impact rate payers it was important to discuss these issues in this public forum. He noted that the water code exempts payment for easements and was unsure why the State can be compensated when other public agencies are not. He agreed with Mr. Arnold on the possibility of a different route but added that since some pipeline was already installed it would be beneficial to explore other cost effective solutions.

c. Ord Community FY 2012/13 Budget – FORA Board approval

Chair Houlemaard noted that a board report was available in the Administrative Committee packet and a draft letter from FORA to MCWD was included in the joint meeting packet. He asked if there were comments on either. Mr. Lerch thought the letter could be made stronger by adding the removal of some listed capital improvement projects in the counter-proposal offer. His opinion is that those projects add too much to the deficit. Mr. Niizawa explained that MCWD has accumulated a \$40M debt over several years by upgrading existing Army infrastructure and improving the system at local jurisdiction and FORA Board request. Regarding the counter proposal, Mr. Niizawa stated that MCWD had amended the budget to remove the \$42K line item for regional project expenditures and the employee compensation line item.

There was discussion about MCWD capital improvement projects, what they serve and how they are being timed to occur. Mr. Niizawa explained that some of the projects are either completed or in the final stages. Some are required maintenance, like the facility across from the Ord Market being replaced to retain adequate sewer service. Others are in planning stages with no expenditures at this time.

Mr. Lerch questioned the need for the Eastern Distribution Phase 2 project. Mr. Niizawa stated that the threat of seawater intrusion requires MCWD to look inward to ensure capacity and to protect their water supply. Graham Bice added that the eastern distribution project is important to UCMBEST. For ten years, UCMBEST had an organic farming program that was generating around \$100K per year. Five years ago, the project was terminated due to seawater intrusion. The MCWD well is approximately 1000 feet away from the UCMBEST well and Mr. Bice agreed that MCWD should plan how they will protect their system.

Mr. Lerch made a motion to forward the FORA letter outlining budget issues and concerns, adding the removal of capital improvement item “D Zone demolition” and delay of “Eastern distribution system phase 2” to the counter-proposal offer. The motion did not receive a second and failed.

Mr. Lerch made a motion to forward the FORA letter outlining budget issues and concerns, adding the removal of capital improvement item “D Zone demolition.” Rick Riedl seconded the motion.

Mr. Niizawa explained that D Zone demolition is the final stage of a multi-year project. If the reservoir is not demolished, there will not be room for the new reservoir planned as part of the RUWAP on the site across from the Bayonet/Blackhorse golf course. Mr. Riedl withdrew his second. No new second was offered; the motion failed.

Debby Platt made a motion to approve the budget as presented, recognizing the adjustments MCWD made to remove the \$42K and employee compensation line items, as outlined in the FORA letter. Mr. Bice seconded the motion. The motion passed with CSUMB dissenting.

At this time New Business item 6b was taken out of order so the committees could vote prior to losing a quorum.

6b. Initiate Work Program for FY 2012/13

FORA Grants and Contracts Coordinator Crissy Maras explained that the work program is taken directly from the Water and Wastewater Facilities Agreement between MCWD and FORA, and initiating it is an annual exercise. She noted that during FORA Board review of the Ord Community budget, board members directed the WWOC to review the out-years of the capital improvement program to ensure projects were not being implemented prior to actual development, protecting current rate payers from funding these improvements. She highlighted the articles in the work program that address capital improvement program review and noted that review begins each year in February. Ms. Platt asked if

MCWD could present their budget any earlier than they had this year so issues could be resolved prior to FORA Board review. Ms. Maras noted that while MCWD first presented the budget to the WWOC in March this year; the work program allows for the first presentation to be made in January.

Ms. Platt made a motion to initiate the FY 2012 Work Program. Mr. Lerch seconded the motion. The motion passed unanimously.

At this time a quorum was lost, and the group returned to discussion on Old Business item 5d.

d. Ord Community annexation – Update

Mr. Niizawa reported that last year, MCWD submitted environmental documents to LAFCO requesting annexation of the former Fort Ord service area. LAFCO expressed concern over MCWD annexing undesigned undeveloped areas (i.e. BLM lands). Additionally, LAFCO shows the Del Rey Oaks sewer system as designated to Seaside County Sanitation District. LAFCO has indicated they will perform a Municipal Services Review. Mr. Bice asked if currently undeveloped land designated for development is causing a problem for annexation. Mr. Niizawa responded that LAFCO has not indicated problems with areas planned for development.

6. NEW BUSINESS

a. Ord Community future capital improvement projects

This item was discussed in conjunction with Old Business item 5c. Mr. Houlemard noted that the Committee would be actively engaged in review of the capital improvement program over the next several meetings. Mr. Niizawa thanked the committees for the discussion.

7. ADJOURNMENT

The meeting was adjourned at 10:45 AM.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator