

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Special Board Meeting  
Budget Workshop  
March 1, 2006  
6:30 p.m.

**Minutes**

1. Call to Order:

Vice President Gustafson called the meeting to order at 6:30 p.m. on March 1, 2006.

Board Members Present:

Howard Gustafson – Vice President  
Charles Scholl  
Ken Nishi  
Tom Moore– arrived at 6:34 p.m.

Board Members Absent:

David Brown – President

Staff Members Present:

Marc Lucca, General Manager  
Andrew Sterbenz, Interim District Engineer  
Evelina Adlawan, Water Quality Manager  
Jim Dowless, Operations & Maintenance Superintendent  
Suresh Prasad, Director of Finance  
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Tom Gaffney, Bartle & Wells  
Dave Houston, Citigroup  
Bob Schaffer, Marina Community Partners

2. Oral Communications:

None.

3. Budget Workshop:

- A. Receive Presentation from Citigroup Global Markets Inc. on Financing Alternatives for Capital Improvements Projects:

Agenda Item 3-A (continued):

Mr. Marc Lucca, General Manager, introduced this item. Mr. Andrew Sterbenz, Interim District Engineer, gave a brief update of the Capital Improvement Program projects the District has planned.

Director Moore cautioned against putting too much infrastructure in the ground before it is needed. He requested to see a more formal analysis of the General Jim Moore extension connecting to the City of Del Rey Oaks regarding how much pipeline is actually needed at this time and if some can be deferred until paying customers require it. Discussion followed.

Director Moore asked if the A1/A2 reservoir is really needed this fiscal year or if it can be postponed a year. Mr. Lucca commented that the A1 reservoir would serve Central Marina and A2 would serve the Ord Community. Director Moore asked if A1 could serve both communities for a while. Mr. Lucca answered that it could be done for a while, but the need for the second reservoir could happen within the next six months. Discussion over cost effectiveness followed. Mr. Sterbenz stated that the Master Schedule is firm enough to begin the design phase and when the trigger is met, construction would begin. Director Moore would like to see the trigger sequence delineated more clearly so the Board would be more comfortable when authorizing the construction.

Mr. Dave Houston, Citigroup Global Markets Inc., gave a brief presentation on financing alternatives for capital improvements projects. Director Nishi questioned including the LaSalle Loan (Desalination Plant) in the refinancing. Discussion followed. The Board asked several clarifying questions of Mr. Houston regarding bond issuance. Mr. Lucca announced that FORA is discussing forwarding the entire fund it set aside for the Regional Urban Water Augmentation Project to the District within the next several years.

B. Review District Draft FY 2006-2007 Budgets, Rates, Fees and Charges for the Marina and Ord Community Service Areas and Provide Direction to Staff to Prepare the Final Budget Documents:

Mr. Suresh Prasad, Director of Finance, reviewed the draft FY 2006-2007 budget, rates, fees and charges for the Marina and Ord Community service areas. Director Moore asked if the budget targeted a reserve in the amount of the estimated depreciation of capital as the auditor suggested. Mr. Prasad answered that this budget does not address a reserve for depreciation but it could be looked into. Director Moore asked for an analysis of what it would look like for next year's budget. Director Moore also inquired on the penalty fees and asked that they be included in the summary.

Director Moore asked if FY 2005-2006 budget assumed that Marina Station would be paying capacity fees for water and sewer. Mr. Prasad stated he could provide a breakout of the capacity fee line item but did not believe Marina Station was included in that amount. Discussion followed.

Agenda Item 3-B (continued):

Director Moore inquired why there was not any revenue posted for the equalization fee line item. Mr. Prasad answered that the equalization fee was stopped in July 2005 when the FY 2005-2006 budget was adopted.

Director Nishi asked how the Ord Community rates could remain the same when there were various cost increases including a 20% increase in healthcare. He also stated he would like to see the capital component charge separate from the rates. Director Nishi asked what the average water usage was for the Ord Community. Mr. Prasad answered that it was approximately the same as Central Marina which is 13 hcf. Director Nishi questioned the Plan Review Fees and suggested outsourcing all Plan Reviews.

Vice President Gustafson inquired on CSUMB projects.

Director Nishi commented on the special salary ranges.

Director Scholl questioned the Conservation budget and asked if the funds were justified. Discussion followed. Mr. Lucca stated that Mr. Rich Youngblood, Water Conservation Coordinator, prepares conservation information on a regular basis. Director Nishi suggested that Mr. Youngblood make a presentation to the Water Conservation Commission regarding their accomplishments.

Director Moore commented that the lift station with the generator on Reservation Road needs to be spruced up or trees planted to screen the view from the road.

Mr. Prasad gave an update of information that was requested from Director Nishi at the last Board meeting. Director Nishi had questioned how much revenue was generated from the different rate tiers in both the Marina and Ord Community. Mr. Prasad stated that the tier revenue was as follows:

	<u>Central Marina</u>	Ord Community
Base Charges	\$1,000,000	\$890,000
Tier 1	63% of revenue	50% of revenue
Tier 2	37% of revenue	31% of revenue
Tier 3	N/A	19% of revenue

4. Adjournment:

The meeting was adjourned at 8:38 p.m.

Special Board Meeting/Budget Workshop  
March 1, 2006  
Page 4 of 4

APPROVED:

---

David W. Brown, President                      Date

ATTEST:

---

Marc A. Lucca, General Manager