

Marina Coast Water District

District Offices
11 Reservation Road
Marina, California

Special Board Workshop
March 7, 2007
6:30 p.m.

Minutes

1. Call to Order:

President Gustafson called the meeting to order at 6:30 p.m. on March 7, 2007.

2. Roll Call:

Board Members Present:

Howard Gustafson – President
Ken Nishi – Vice President
Bill Lee
Tom Moore – arrived at 6:40 pm

Board Members Absent:

David Brown

Staff Members Present:

Marc Lucca, General Manager
Andrew Sterbenz, Schaaf & Wheeler Consultant
Jeff Cattaneo, District Engineer
Suresh Prasad, Director of Finance
Jim Dowless, Operations and Maintenance Superintendent
Evelina Adlawan, Water Quality Manager
Richard Youngblood, Water Conservation Coordinator
Paula Riso, Executive Assistant/Clerk to the Board

Audience:

Tom Buell, MRWPCA

2. Oral Communications:

None.

3. Budget Workshop:

A. Review District Draft FY 2007-2008 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. Marc Lucca, General Manager, introduced this item. Mr. Suresh Prasad, Director of Finance, reviewed the list of budgetary items provided to the Board for review and gave a brief presentation. Mr. Prasad explained how the allocation rate is apportioned to the cost centers. He also noted that at this time, there is no planned rate increase in Marina and Ord Community. Mr. Prasad pointed out that the Board just approved a Rate Study to be performed by Bartle & Wells Consultants and that study could note if rates were adequate.

Following Mr. Prasad's review of the proposed draft budget for FY 2007/2008, the Board had several clarifying questions.

Director Moore questioned the design costs of the proposed desalination plant. Mr. Andrew Sterbenz, Schaaf & Wheeler Consultant, and Mr. Jeff Cattaneo, District Engineer, explained that the proposed desalination plant is five times bigger than the previous plant and this proposed plant is now subject to fees that the previous plant was not subject to.

Director Moore questioned Exhibit W-1 of the Ord Community Water Budget and why the annual maintenance budget went from \$75,000 in FY 2006/2007 to \$7,800 in FY 2007/2008. Mr. Prasad stated he would look into it and report back to the Board.

Director Moore asked for clarification on "mark and locate fees". Mr. Jim Dowless, Operations and Maintenance Superintendent, explained that when a developer asks for a mark and locate of District utility lines, the first mark and locate is at no charge. However, if a developer requests another mark and locate for the same location, there will be a \$100 charge for each additional mark and locate for that location.

Director Moore inquired how much of the budget is based on the FORA growth projections. Mr. Prasad answered that only the capacity fee revenue is based on the FORA growth projections.

Vice President Nishi voiced his concerns over not raising rates to meet the rising costs of labor, medical insurance and capital costs. President Gustafson commented that a rate study was in progress and asked when it would be complete. Mr. Prasad answered that a draft would be ready for review in May 2007 and brought before the Board for action in June 2007.

Agenda Item 3-A (continued):

Mr. Prasad added that if the rate study proposes a rate increase, the increase would be final sometime in September after allowing time for the Prop 218 process.

Vice President Nishi voiced his concern that Exhibit W-5 was not updated with current figures for comparisons. He also added that he would like to see the tier breakpoint lowered to encourage water conservation. Mr. Prasad noted that Exhibit W-5 has since been updated and will be presented at the next WWOC meeting. Mr. Lucca questioned what tiers Vice President Nishi wanted to be adjusted. Vice President Nishi answered tiers 1 and 2 were the ones he wanted lowered. Mr. Prasad commented that the rate study would also look at tier breakpoints.

Vice President Nishi questioned why Exhibit WW-5 footnotes 4 and 6 were a different calculation from the others. Mr. Prasad answered that the other jurisdictions calculate their rate as a direct percentage of the MRWPCA's rate and the District's rates are calculated by actual costs. He added that he would update the footnote 4 in the Exhibit to show what percentage the District's rates are of the MRWPCA's rate. It was also noted that the word proposed was misspelled in footnote 4 and that will be corrected.

Director Lee questioned the process to raise rates. Mr. Prasad and Mr. Lucca answered that the District has to follow the Prop. 218 process with publications and public hearings to allow public input on the proposed increase. It was noted that any rate increase would need to receive FORA Board approval. The Prop. 218 process takes approximately sixty days to complete.

Vice President Nishi asked what the balance was for the Armstrong Ranch purchase option. Mr. Prasad answered that he would look up that information and report back to the Board.

Vice President Nishi questioned the balance of the capital replacement reserve funds and voiced his concerns over the low balance of the funds. Mr. Prasad clarified that the last rate study in 2001 suggested increasing the funds slowly until the Ord Community gets more on track developmentally and the funds have increased from \$100,000 last fiscal year to \$200,000 proposed in this current budget. He added that the current rate study will also look at capital replacement reserve funds.

Vice President Nishi congratulated staff on the decrease in Workers Comp Insurance premiums.

Vice President Nishi inquired on the rise in phone costs. Mr. Prasad answered that it was due to the equipment and lines required for the new asset management program.

Vice President Nishi inquired on the cost per employee in uniform benefits. Mr. Prasad answered that it was about a weekly cost of \$10 per employee.

Agenda Item 3-A (continued):

Vice President Nishi questioned the increase in lubricant costs. Mr. Sterbenz answered that the District is exercising more valves and the lubricant is used on those valves.

Vice President Nishi commented on the overtime numbers and Mr. Lucca responded that staff has been tracking overtime and is now seeing some trends on certain equipment that requires staff overtime. As a result, those projects are being moved up as a priority on the schedule to save on staff overtime.

Vice President Nishi questioned engineering reimbursements. Mr. Prasad answered that the reimbursements were from developers on certain projects. Mr. Sterbenz added that the reimbursements were for plan checks, inspections and water supply assessments that the District does at the request of developers. Vice President Nishi asked if the engineering budget included Mr. Sterbenz's wages. Mr. Prasad answered that Mr. Sterbenz's wages were included under the engineering consultant line item.

Vice President Nishi asked about the reservoir for recycled water and stated that he would like to see some funds set aside to begin the process for recycled water and desalinated water reservoir. Mr. Lucca answered that staff would get together and bring back the budget with some numbers allocated towards a reservoir.

Vice President Nishi inquired on the Del Rey Oaks project and if the budget reflected the sewer going through Seaside County Sanitation District. Mr. Sterbenz answered that the planning is through Seaside County Sanitation District but the budget reflects going the more expensive way connecting to the force main.

Director Moore commented that he liked the content of Exhibit W-6 although the formatting could be improved i.e. the subtotals are hard to follow and some of the text was bold while other text was not bold. He then asked if a similar spreadsheet could be created for Central Marina as well.

Director Moore inquired about moving flat rate customers to metered customers by installing meters in those areas. Mr. Sterbenz answered that the Army is planning on renovating approximately 400 residences with meters and moving flat rate customers into those homes, then will plan on renovating the rest. Director Moore asked if all the unmetered customers were in Army housing. Mr. Prasad answered that CSUMB had a large number of unmetered customers. Mr. Lucca added that CSUMB has been planning on metering several areas of off-campus housing. Director Moore asked that staff get a more accurate number of proposed flat rate customers. Mr. Prasad answered that staff would. Vice President Nishi asked if the flat rate customers would meet the requirements of AB 2572 which requires everyone to be metered by 2010. Mr. Lucca stated that staff would have to look into seeing if AB 2572 applies to State Universities and the Federal Government.

Agenda Item 3-A (continued):

Vice President Nishi added that staff should also look into who would pay the consequences if they don't comply. Mr. Lucca commented that even if AB 2572 did not apply to State Universities, CSUMB's EIR is requiring them to install meters.

Vice President Nishi commented that he would like to see all the pay ranges on the same chart and not having special ranges. He added that if staff is going to recommend a salary increase in the future, make sure it fits into the chart. Director Moore suggested discussing combining the salaries into one chart under the next union negotiations.

5. Adjournment:

The meeting was adjourned at 8:12 p.m.

APPROVED:

Howard Gustafson, President

Date

ATTEST:

Marc A. Lucca, General Manager