

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Special Board Meeting  
March 31, 2009  
6:30 p.m.

**Minutes**

1. Call to Order:

President Gustafson called the meeting to order at 6:30 p.m. on March 31, 2009.

2. Roll Call:

Board Members Present:

Howard Gustafson – President  
Bill Lee – Vice President – arrived at 7:38 p.m.  
Tom Moore  
Ken Nishi  
Dan Burns

Board Members Absent:

None.

Staff Members Present:

Jim Heitzman, General Manager  
Brian True, Interim District Engineer  
Suresh Prasad, Director of Finance  
Jim Dowless, Operations and Maintenance Superintendent  
Evelina Adlawan, Water Quality Manager  
Jean Premutati, Management Services Administrator  
Rich Youngblood, Water Conservation Coordinator  
Lizet Ybarra, Accounting Technician  
Paula Riso, Executive Assistant/Clerk to the Board

Audience Members:

Bob Schaffer, Marina Community Partners  
Jan Shriner, Resident  
Vienna Moore, Resident

3. Pledge of Allegiance:

President Gustafson led everyone present in the pledge of allegiance.

4. Oral Communications:

President Gustafson announced that the District received the prestigious award of a Certificate of Achievement for Excellence in Financial Reporting.

5. Action Items:

- A. Receive District Draft FY 2009-2010 Budgets, Rates, Fees and Charges for the Marina and Ord Community Service Areas and Provide Direction Regarding Preparation of the Final Budget Documents:

Mr. Suresh Prasad, Director of Finance, introduced this item. Mr. Prasad and each Department Head gave a presentation of their portion of the proposed draft budget for FY 2009-2010.

Director Moore inquired on the number of authorized positions. Mr. Prasad answered that there are 41 authorized positions. Director Moore asked how many Automated Meter Read (AMR) meters could be purchased with the proposed budget amount. Mr. Prasad answered that approximately 400 meters could be purchased depending on the size of the meter. Once installed, the District would be approximately 75% retrofitted with the AMR meters.

Director Moore asked if the District staff have been through any computer information security training. Mr. Prasad answered that the security software is routinely updated and upgraded.

Director Moore inquired if the Stilwell Kidney housing project would increase the water demand over what the previous demand was. Mr. Brian True, Interim District Engineer, answered that there would be an increase, but it depends on how conservative the new occupants would be. Director Moore asked if there were any additional costs associated with the project changing from one number of houses to another. Mr. True answered that additional capacity charges were paid by the developer. Director Nishi added that the Army is still well within their allocation of water but advocated water conservation measures be encouraged.

Director Moore questioned if the Desal Agreement Fees were being received and if not, was the breach of contract being appropriately taken care of. Mr. Prasad answered that the fees have not been received. President Gustafson added that appropriate action has taken place.

Director Moore asked several clarifying questions on the proposed administration budget.

Director Burns asked if the authorized employees included the Assistant General Manager and District Engineer positions. Mr. Prasad answered that they were included in the authorized positions.

Vice President Lee arrived at 7:38 p.m.

Agenda Item 5-A (continued):

Director Burns asked why there was a difference in the monthly meter cost between Marina and the Ord Community. Mr. Prasad stated that the charges were in place when the District began serving the Ord Community and was due to the difference in operating costs for each system.

Director Burns commented on the travel expense line item asking if the District routinely uses less than \$10,000 why budget for \$40,000, and if expenses exceed the budgeted amount, does the District transfer funds from another line item. Mr. Prasad answered that funds are transferred within the cost center as long as the net effect is still zero.

Director Nishi stated that his concerns are more broad-brush. He commented that the District should not look at increasing rates in this economic situation. Director Nishi noted that there should be more reductions and those should come from staff as they know where costs could be reduced. He also asked what cost-of-living allocation was included in the draft budget. Mr. Heitzman answered that it was 2%. Director Nishi would like another workshop in several weeks to see what reductions staff was able to make.

Director Nishi inquired on the sewer projects listed on page 21, line 173-182, and asked that the Marina and Ord Sewer projects be looked at to see if they are being accounted for properly. He would like to see an agenda item to discuss this issue in the near future.

Director Nishi inquired on the reserve accounts listed on page 4 and asked if they were in the budget. Mr. Prasad answered that they were listed in the quarterlies.

Director Nishi commented that he would like to see staff bring a reduced budget back to another workshop with little or no rate increase. If the economy changes later in the year, Director Nishi commented that he would be amenable to revisiting the budget.

Director Nishi asked for a document showing budget transfers made when there isn't enough funding in one line item and it is transferred to another line item. Mr. Heitzman answered that it is shown in the actuals of the budget and if there is an unexpected increase and funds are needed, budget transfers are brought before the Board for approval.

Mr. Heitzman stated that in reference to Director Nishi's request for trimming the budget, the District operates very leanly and there is not a lot of fat to trim. The District employees are among the lowest in salaries and benefits of any of the other local districts, agencies and cities. Mr. Heitzman stated that there are no excess employees and every employee works hard and does their best. Everything runs smoothly unless the District wants to do a project like the Regional Urban Water Augmentation Project. To get funding for the RUWAP, the District has to have enough revenue to provide coverage for the debt.

Agenda Item 5-A (continued):

Mr. Heitzman commented that when a jurisdiction comes forward and requests the project to include every item and the project goes from the backbone pipeline to full build-out, then if the District does not raise rates substantially, the full build-out could not be completed.

Director Moore asked for a breakdown on Consulting Services listed on page 4. Mr. Heitzman stated that it would be provided.

Director Burns asked if the District would rethink purchasing property in the Ord Community. Mr. Heitzman answered that the property purchase wouldn't impact the District in the debt coverage. Mr. Prasad added that the loan would be secured by the property.

Director Nishi commented that in this economic situation it is rough to ask for sacrifice from both staff and customers, but there are others in worse shape. And when the time is right, the District can right the ship.

The Board suggested that staff return with a proposal for another workshop.

6. Director's Comments:

Director Burns complimented the staff on the presentation and a job well done.

Director Moore also complimented staff on a good presentation.

Director Nishi complimented staff as well on a job well done and to continue moving onward and upward.

Vice President Lee congratulated staff on the prestigious CAFR award and is pleased that the interest rate for loans goes down with achieving this award.

Mr. Heitzman commented that this award not only recognizes the strict standards that the District adheres to, but also to the openness and accessibility of the budget process to the public. He stated that it reinforces the fact that the Board and staff maintain an open policy and are here to serve the public. Mr. Heitzman added that qualifying for this award will help lower the District's costs.

President Gustafson stated that the award does show efficiency and he is proud of that and how the District works well together. He encouraged staff to bring back something that is acceptable both to the Board and the public.

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7. Adjournment:

The meeting was adjourned at 8:11 p.m.

APPROVED:

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Howard Gustafson, President

ATTEST:

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Jim Heitzman, General Manager