

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 9-E

Meeting Date: May 10, 2011

Submitted By: Paula Riso  
Reviewed By: Carl Niizawa

Presented By: Paula Riso

Agenda Title: Approve the Draft Minutes of the Special Board Meeting of March 29, 2011

Detailed Description: The Board of Directors is requested to approve the attached draft minutes of March 29, 2011.

Environmental Review Compliance: None required.

Prior Committee or Board Action: None.

Board Goals/Objectives: *Strategic Plan, Mission Statement – Providing high quality water, wastewater and recycled water services to the District's expanding communities through management, conservation and development of future resources at reasonable costs.*

Financial Impact: \_\_\_\_\_Yes      X  No

Funding Source/Recap: None.

Material Included for Information/Consideration: Draft minutes of March 29, 2011.

Staff Recommendation: The Board of Directors approve the draft minutes of the March 29, 2011 special Board meeting.

Action Required: \_\_\_\_\_Resolution      X  Motion    \_\_\_\_\_Review

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Board Action

\_\_\_\_\_Resolution No\_\_\_\_\_    Motion By\_\_\_\_\_    Seconded By\_\_\_\_\_

Ayes\_\_\_\_\_    Abstained\_\_\_\_\_

Noes\_\_\_\_\_    Absent\_\_\_\_\_

Reagendized\_\_\_\_\_    Date\_\_\_\_\_    No Action Taken\_\_\_\_\_

Marina Coast Water District

District Offices  
11 Reservation Road  
Marina, California

Special Board Meeting  
March 29, 2011  
5:30 p.m.

**Draft Minutes**

1. Call to Order:

President Lee called the meeting to order at 5:30 p.m. on March 29, 2011.

2. Roll Call:

Board Members Present:

Bill Lee – President  
Dan Burns – Vice President  
Howard Gustafson  
Kenneth K. Nishi  
Jan Shriner

Board Members Absent:

None.

Staff Members Present:

Jim Heitzman, General Manager  
Lloyd Lowrey, Legal Counsel  
Carl Niizawa, Deputy General Manager/District Engineer  
Kelly Cadiente, Director of Administrative Services  
Suresh Prasad, Director of Finance  
Jean Premutati, Management Services Administrator  
Richard Youngblood, Conservation Coordinator  
Thomas Barkhurst, Water Quality Chemist  
James Derbin, Interim Operations and Maintenance Superintendent  
Brian True, Capital Projects Manager  
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Bob Holden, MRWPCA  
Ruth Krotzer, Marina Resident

The Board entered into closed session at 5:30 p.m.

3. Closed Session:

- A. Pursuant to Government Code Section 54957.6  
Conference with Labor Negotiators  
Agency designated representatives: William Lee and Dan Burns  
Unrepresented employee: General Manager

The Board ended closed session at 6:10 p.m.

President Lee reconvened the meeting to open session at 7:00 p.m.

4. Possible Action on Closed Session Item:

Mr. Lloyd Lowrey, Legal Counsel, stated that the Board met with the negotiators regarding item 3-A and direction was given with no action taken.

5. Pledge of Allegiance:

President Lee asked Mr. Brian True, Capital Projects Manager, to lead everyone present in the pledge of allegiance.

6. Oral Communications:

There were no comments.

7. Action Item:

- D. Consider Adoption of Resolution No. 2011-20 to Authorize a Retainer Agreement with Dennis Kennelly, Esq. for Consulting Services Related to the Employment Contract of the General Manager:

Mr. Lowrey noted that there was a revised Resolution on the dais showing a different resolution number, date, and that it is a special meeting.

Director Shriner suggested limiting this agreement to the IRS and Code Compliance, or placing a cap on the amount.

Vice President Burns commented that he expects the attorney to review, comment, and make recommendations on all the items in the General Manager's contract so that these issues don't come up again once the contract is signed.

Mr. Lowrey recommended that Mr. Kennelly be authorized to consider the contract as a whole.

Director Shriner suggested limiting the total amount of the contract with a cap. Mr. Jim Heitzman, General Manager, commented that the retainer for Mr. Kennelly was \$3,200.

Agenda Item 7-A (continued):

Director Shriner asked for clarification on the hourly billing rate. Ms. Jean Premutati, Management Services Administrator, stated that if the attorney's time exceeded the \$3,200 retainer, which is equal to eight hours of work, the District would be billed at \$400 an hour. Director Shriner said that she would like the Board to consider putting a limit on the time or amount of money for this contract. Director Nishi inquired on the reason for the limit. Director Shriner answered that it was to be frugal and watch expenses as a District. Director Nishi asked what would happen if the amount went over \$3,200. Director Shriner stated that she wanted to put a limit on the contract so it didn't go on for ten years and for an unlimited amount of money. Director Nishi commented that he didn't believe the contract would go on for ten years as neither Mr. Heitzman nor he would be here in ten years.

Director Gustafson made a motion to adopt the amended Resolution No. 2011-23 to authorize a Retainer Agreement with Dennis Kennelly, Esq. for consulting services related to the employment contract of the General Manager. Vice President Burns seconded the motion. The motion was passed.

Director Gustafson	-	Yes	Vice President Burns	-	Yes
Director Shriner	-	No	President Lee	-	Yes
Director Nishi	-	Yes			

8. Budget Workshop:

- A. Receive District Draft FY 2011-2012 Budgets, Rates, Fees, and Charges for the Marina and Ord Community Service Areas and Provide Direction Regarding Preparation of the Final Budget Documents:

Ms. Kelly Cadiente, Director of Administrative Services, introduced this item. She explained that the proposed rate increase is intended to cover the increased expenditures. Several Board members asked clarifying questions.

Vice President Burns asked if it would cause problems to reduce the rate increase to 5% or eliminate it altogether. Mr. Heitzman commented that it could have an impact on the bond rating, but staff can look into extra cutbacks and, upon Board direction, look into not funding the reserves as proposed and using the current reserves to fund projects.

Ms. Jean Premutati, Management Services Administrator, reviewed the proposed Human Resources department budget.

Mr. James Derbin, Interim Operations and Maintenance Superintendent, reviewed the proposed Operations and Maintenance department budget.

Agenda Item 8-A (continued):

Mr. Thomas Barkhurst, Water Quality Chemist, reviewed the proposed Laboratory department budget.

Mr. Richard Youngblood, Water Conservation Coordinator, reviewed the proposed Conservation department budget.

Mr. Carl Niizawa, Deputy General Manager/District Engineer, reviewed the proposed Engineering department budget.

Ms. Cadiente wrapped up the presentation and noted that following the recommendations from the Directors, a revised budget will be brought before the Board for approval.

Director Shriner inquired on the flavor of the groundwater. Mr. Barkhurst commented that the District does add chlorine to the groundwater to counteract the odor and natural sulfides found in the water. Director Shriner inquired on the automated water meters and asked if they operated on the same technology as the SmartMeters. Mr. Derbin answered that they are within the FCC public spectrum, but probably on a different spectrum from the SmartMeters so they don't interfere with each other. Mr. Derbin added that they operated at 900 megahertz, which is equivalent to a household cordless phone. Director Shriner questioned the carryover of the Regional Urban Water Augmentation Project (RUWAP). Mr. Niizawa answered that Capital Improvement Projects (CIP) can be multi-year and although the RUWAP was budgeted last year, no funds were spent on it so the project was carried over to this year. Director Shriner questioned why the rate increase was proposed if there was \$30 million carried over from last year's budget that wasn't used. Ms. Cadiente answered that with many CIP projects, new funding sources will need to be found to fund the project and they are not funded through the District's rates.

Vice President Burns asked what OPEB stood for. Ms. Cadiente answered it stood for Other Post Employment Benefits. Vice President Burns asked what the monthly meter charge included. Mr. Derbin answered that it included maintenance on the meter if there was a leak or replacement if it wasn't working properly. Mr. Suresh Prasad, Director of Finance, added that according to the best management practices, 30% of rates come from the fixed meter charge and 70% of rates come from volumetric water use. Vice President Burns inquired what the dollar amount for the medical insurance increase was. Ms. Premutati answered it was approximately \$100,000. Mr. Heitzman stated that staff would provide an accurate number to the Board.

Director Nishi commented that he would like to see the Board not fund the reserves this year and to withdraw money from the reserves to help reduce the rate increase to 5%. Director Nishi added that he would like to see a footnote showing that there is \$6 million in pre-effective costs for the Regional Desal Project that is owed to the District. This will let the bond agency know that the District is expecting \$6 million in return.

Agenda Item 8-A (continued):

Director Nishi commented that he had a problem with the 7.8% increase and asked staff to be more creative in this economic downturn. The City of Marina is a working community and the District should be sensitive to their needs. Director Nishi asked staff to return with a 5% or less, increase. Mr. Heitzman commented that staff could get creative to reduce the rate increase, but that the District is also obligated to build several CIP projects and will only build them when they are required, i.e. the East Garrison pump station. Director Nishi commented that staff should know how long it takes to build a project and should coordinate it with the developer so that the project begins when the capacity fees are paid. He also suggested building the pump station on a smaller scale until full build-out is required. Mr. Heitzman commented that staff is already looking into that aspect.

Director Shriner stated that, due to the economic crisis, she preferred that the District look at freezing the Fort Ord Community rates with no increase and a 3.8% increase for the City of Marina.

Director Nishi commented that the District has parameters to work by and the Board needs to give staff leeway to see what they can do without causing financial problems.

Director Gustafson commented that he would have supported the 7.8% but preferred a 5% increase to ensure the bond process is stable.

Mr. Heitzman reminded the Board that although this was a one-year budget, it was a two-year Prop. 218 rate increase process.

President Lee commented that he would like staff to look into the District's power requirements and see if there is some way of using its own power, such as methane gas or solar power.

Director Nishi congratulated staff on a good job and thanked them for reducing Workers' Comp costs and he thanked the engineering staff for reducing the consultant costs. Director Nishi inquired on recycled water for construction water and asked if contractors are still using the hook-ups under the freeway. Mr. Heitzman stated that he did not believe the hook-ups under the freeway were still being used, but he would confirm that with Mr. Derbin the next day.

Vice President Burns commented that although he appreciated the presentation, he would have liked to spend more time on the meat of the budget and see more justifications for the increases.

Director Nishi agreed with Vice President Burns and suggested spending more time on the actual budget and not so much time on the presentation. Director Nishi commented that on page 15, there was a percentage of change and he didn't think it should be compared to the previous adopted budget, but to the estimated actual costs.

Agenda Item 8-A (continued):

Vice President Burns asked if the font could be increased on some of the tables because they were too small to see clearly.

Director Shriner asked if the mobile home park issue had been answered regarding the price owners are allowed to charge tenants. Mr. Lowrey stated that only questions on the budget can be asked at this time. Mr. Heitzman told Director Shriner to send him an email with her question.

9. Director's Comments:

Director Shriner commented that on Thursday, March 31<sup>st</sup>, there is a Community Involvement Forum for the public on the Regional Desal Project at the Sally Judd Griffin Senior Center in Pacific Grove from 4:00 – 6:00 pm. Director Nishi commented that it was the Meals-on-Wheels building.

Director Nishi thanked staff for purchasing the defibrillator located in the Board Room. Director Nishi asked for a legal opinion on the Brown Act for closed sessions on the next agenda. He also reminded the Directors to park in the open parking spaces and not in the ones marked for customers.

Director Shriner inquired on the response to the 2010 Grand Jury Report. She asked if there had been an extension requested since the responses are due April 11<sup>th</sup> and the next Board meeting is scheduled for April 12<sup>th</sup>. Mr. Heitzman stated that he would email a copy of the response to the Board members.

Director Nishi thanked Mr. Niizawa for purchasing the appetizers enjoyed during the break before the meeting.

10. Adjournment:

The meeting was adjourned at 8:37 p.m.

APPROVED:

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William Y. Lee, President

ATTEST:

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Jim Heitzman, General Manager