



**FORT ORD REUSE AUTHORITY
WATER/WASTEWATER OVERSIGHT COMMITTEE
MEETING MINUTES**

9:30 a.m., Wednesday, March 16, 2016 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Peter Said called the meeting to order at 9:49 a.m. The following were present:

Committee Members:

Elizabeth Caraker, City of Monterey
Dan Dawson, City of Del Rey Oaks
Mike Lerch, California State University Monterey Bay
(CSUMB)
Layne Long, City of Marina
Steve Matarazzo, University of California Santa Cruz
Melanie Beretti, Monterey County
Rick Riedl, City of Seaside
Nick Nichols, Monterey County

Chris Placco, CSUMB
Patrick Breen, MCWD
Jason Holida, MCWD
James Derbin, MCWD
Bob Schaffer
Brian Boudreau
Wendy Elliott
Don Hofer
Andy Sterbenz

Other Attendees:

Kelly Cadiente, Marina Coast Water District (MCWD)
Mike Wegley, MCWD
Keith Van der Maaten, MCWD

FORA Staff:

Jonathan Brinkmann
Steve Endsley
Mary Israel
Peter Said

2. PLEDGE OF ALLEGIANCE

Mike Lerch led the pledge of allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

None.

4. PUBLIC COMMENT PERIOD

None.

5. APPROVAL OF MEETING MINUTES

a. February 17, 2016 Minutes

MOTION: Steve Matarazzo moved, seconded by Rick Riedl, to approve both the February 17, 2016 Water/Wastewater Oversight Committee minutes with modification to four sentences in Item 6a. and more paragraph separation.

MOTION PASSED UNANIMOUSLY.

6. ITEMS FROM MCWD

a. Preliminary Fiscal Year 16/17 Budget Review

Kelly Cadiente presented the preliminary fiscal year 16/17 budget, with format changes to reflect the MCWD District-wide budget such as line item amounts grouped by cost center and the District organizational chart for reference. FORA received the: 1) draft MCWD FY 16/17 Ord Community

Action Budget, 2) draft MCWD FY 16/17 Ord Community Planning Budget, and 3) draft MCWD FY 16/17 Ord Community Five-Year Capital Improvement Plan (CIP) on March 10, 2016.

1) Draft MCWD FY 16/17 Ord Community Action Budget

Ms. Cadiente discussed the Budget Summary and explained allocation percentages, highlighting that the 2015 bonds refinancing certification of participation took advantage of savings and interest to pay off the 2006 escrow in June. She also said that the Capital Replacement reserve funding of \$100,000 sewer and \$200,000 water are usually in the same year. Ms. Cadiente explained the move of two staff positions from Operations and Maintenance (O&M) to Administration and a new Application Systems Analyst position. The “approximate savings of \$2.6 million District wide” (page 6) she explained was generated from the two reportable budgets because the Memorandum of Understanding (MOU) dictated April.

Ms. Cadiente noted the Budget Summary (page 10) includes the RUWAP with the FORA contribution from the CIP and loan proceeds that MCWD anticipates will start in October 2016 as part of cost center 1, but when it is running then it will be on its own.

Ms. Cadiente noted page 12 shows salaries and benefits (line 22) increasing by 3% and partially offset by a reduction in administration staff.

The committee received questions from the public on developer fees and Ms. Cadiente explained where they are itemized in the budget on page 13 and 14 for water and sewer respectively. They requested more information about developer reimbursement line items, as well.

Ms. Cadiente noted page 17 column titles “BUD vs BUD % change” means adopted budget vs. proposed budget, and “BUD vs EST % change” means the adopted budget vs. the expenses at the end of the year. Member of the public Bob Schaffer suggested changing line 12 to a more specific title than “Other Income.”

Responding to a question from the public, Ms. Cadiente explained that “Wages—Allocated to Capital” (page 36) is separated from engineering wages so that wages are not counted twice where they are included in project capital costs.

The WWOC discussed the basis of the proposed rate increase. Mike Lerch asked where in the budget it is justified. Keith Van der Maaten said many variables beyond the budget are used in a model to calculate the rate requirement. He discussed the process of how the five year rate study informs rate change requests. He said that some agencies spend funds on drought-specific, shorter-term models for rate study but MCWD is waiting until the next 5-year full-cost and full-breadth study in 17-18. Ms. Cadiente explained that the debt ratio should be understood in its overall organizational context and that bonds are used to finance capital programs as per the current rate study.

Mike Wegley reviewed the one year CIP and explained the 16/17 CIP on page 39, highlighting that SCADA will help pay for the intertie meters, and that OS-0200 Clark Lift Station Replacement was just bid and will be finished next year. He also said RW-0156 Recycled Water Trunk Main will get started in October. Rick Riedl asked for the CIP report to show the allocations of cost to existing rate payers and proposed developments.

While the committee reviewed the MCWD Organization Chart, Mr. Lerch raised the question of Ord Community representation. Mr. Endsley said that voting rights and expansion of the process through Monterey County Local Agency Formation Commission (LAFCO) is a goal but the current situation is one that is dictated by California law; Department of Defense (DOD) has been instructed

what documentation must be given and the WWOC can agendize some communication with the DOD on that matter.

2) Draft MCWD FY 16/17 Ord Community Planning Budget

Ms. Cadiente briefly discussed the Planning Budget, limited to page 1 of the packet, highlighting RUWAP funding and the expected State Revolving Fund loan to be finalized on March 23rd.

3) Draft MCWD FY 16/17 Ord Community Five-Year CIP

Mike Wegley briefly re-introduced the Five-Year CIP. Mr. Endsley commented that it is very helpful and congratulated MCWD officials for the improvements to the budget review materials.

7. BUSINESS ITEMS

a. Report Back on 3-Party Pipeline Financing from 3-11-16 FORA Board Meeting

Peter Said briefly updated the committee on the FORA Board decision to give Executive Officer Houlemard go-ahead to negotiate an agreement with MCWD to be executed after the MCWD-Monterey Regional Water Pollution Control Agency (MRWPCA) agreement is in place.

8. ITEMS FROM MEMBERS

None.

9. ADJOURNMENT

Peter Said adjourned the meeting at 11:14 a.m.