



APPROVED
June 26, 2017

MINUTES
of the Budget Workshop
Monterey Regional Water Pollution Control Agency
Board of Directors
June 5, 2017

1. CALL TO ORDER

The Budget Workshop for the Board of Directors of the Monterey Regional Water Pollution Control Agency was Called to Order by Chair Fischer at 6:00 pm, on Monday, June 5, 2017 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. ROLL CALL

BOARD MEMBERS PRESENT:

Rudy Fischer, Chair	Pacific Grove
Ron Stefani, Vice-Chair	Castroville Community Services District
Gloria De La Rosa	Salinas
Linda Grier	Boronda County Sanitation District
John M. Phillips	County of Monterey
Dennis Allion	Del Rey Oaks
Thomas P. Moore	Marina Coast Water District
Timothy Barrett	Monterey
James R. Cochran	Moss Landing County Sanitation District – Ex-Officio
Mary Ann Carbone	Sand City
Ralph Rubio	Seaside
Vacant – Ex-Officio	United States Army

MRWPCA STAFF PRESENT:

Paul A. Sciuto	General Manager
Rob Wellington	Legal Counsel
Tori Hannah	Chief Financial Officer
Jennifer Gonzalez	Engineering Manager
Michelle Bumgardener	Customer Service Rep
Alma Garcia	Admin Support Specialist
Chayito Ibarra	Executive Assistant

OTHERS PRESENT:

Frank D. Pierce – Public Member, Pacific Grove Resident
Richard Hellam – Public Member, Seaside Resident
Anne Bevier – Public Member, Monterey Resident

3. PLEDGE OF ALLEGIANCE

Ms. De La Rosa led the Pledge of Allegiance.

4. PUBLIC COMMENTS

At 6:03 pm, Chair Fischer called for Public Comments – none received.

5. PUBLIC HEARINGS

A. Proposed Rate Increases for Fiscal Years 2017/18, 2018/19, and 2019/20

1. Staff Report on Proposed Rate Increases for FY 2017 through 2020
2. Board Questions/Comments
3. Public Comments
4. Approve Ordinance No. 2017-01, Amending Ordinance No. 2015-02, in part to Change the Sewer Service User Fee Rates and Capacity Charges, Effective July 1, 2017

Ms. Hannah introduced this item and Mr. Handlers of Bartle & Wells presented this item and answered questions from the Board. Ms. Hannah also stated that a total of 41 protests letters were received as of the start of tonight's Board meeting.

Chair Fischer opened the floor for Public Comments.

Public Comments:

Richard Hellam, Seaside resident, spoke against the proposed rate increases.

Anne Bevier, Monterey resident, spoke against the proposed rate increases.

After hearing no further public comments, Chair Fischer closed the public comment period

ACTION TAKEN: It was moved by Member Carbone, seconded by Member Allion, to adopt Ordinance No. 2017-01, Amending Ordinance No. 2015-02, in part to Change the Sewer Service User Fee Rates and Capacity Charges, Effective July 1, 2017, and carried by the following roll call vote:

Ayes: Fischer, Stefani, Grier, Allion, Barrett, De La Rosa, Carbone, Rubio

Noes: None

Absent: Moore, Phillips

B. Proposed Miscellaneous Fee Increase for FY 2017/18

1. Staff Report on Miscellaneous Fee Increase
2. Board Questions/Comments

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3. Public Comments
4. Approve MRWPCA Resolution No. 2017-17, Adopting the Agency's Miscellaneous Fee Schedule

Ms. Hannah introduced this item and stated that everything remains the same as was presented to the Board at the June 5 Budget workshop meeting, except that the proposed interruptible rate increase will be partially deferred in the first year.

Chair Fischer opened the floor for Public Comments.

Public Comments:

Gary Petersen, City of Salinas, stated that the City of Salinas is in agreement with deferring the interruptible rate increase for two years.

Frank D. Pierce, Pacific Grove Resident, asked how much water the City of Salinas will be supplying for reuse to the Agency.

William Bevier, Monterey resident, spoke against the proposed miscellaneous fee increases.

After hearing no further public comments, Chair Fischer closed the public comment period

ACTION TAKEN: It was moved by Member Carbone, seconded by Member De La Rosa, to approve Resolution 2017-17, Adopting the Agency's Miscellaneous Fee Schedule, and to continue the Special User Fee Item, along with the public hearing, to a future meeting, and carried by the following vote:

Ayes: Fischer, Stefani, Grier, Allion, Barrett, De La Rosa, Carbone, Rubio

Noes: None

Absent: Moore, Phillips

6. RECEIVE DRAFT FY 2017/18 BUDGET SUMMARY

- | | |
|--------------------------------------|--|
| A. Budget Comments/Strategic Updates | Paul A. Sciuto, General Manager |
| B. O&M Expenditures/Revenues | Tori Hannah, Chief Financial Officer |
| C. Reserves/Fund Balance | Tori Hannah, Chief Financial Officer |
| D. Investments Update | Tori Hannah, Chief Financial Officer |
| E. Capital Improvement Program | Jennifer Gonzalez, Engineering Manager |
| F. Pure Water Monterey Project | Paul A. Sciuto, General Manager |

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Mr. Sciuto provided an update to the Board on the Mission Statement, Vision Statement, Strategic Objectives and Organization Values of the Agency.

Ms. Hannah provided a general overview of the FY17/18 Budget with highlights that include:

- Revenues include proposed Prop 218 rate increase and an estimated \$500K increase for miscellaneous revenues
- Agency's planned new reserve level of approximately \$6.5M is anticipated to be met by the end of Fiscal year 17/18 through a combination of existing reserves and a reimbursement from the PWM loan proceeds
- Major O&M: \$802,000
- Capital Equipment: \$714,000
- Capital Improvement: \$13 million (includes an estimated \$8.7 million in grant funding for a Farmworker Housing Connection Pipeline Project and the Salinas Stormwater Conveyance Project)

Ms. Hannah provided an overview of the position changes and additions for FY 17/18. She noted the following additions and transitions of positions along with the financial impact it would have on the FY 17/18 budget. Additional position transitions or reclassifications included:

- Addition of Regular full-time Public Outreach Coordinator (\$122,000 estimated annual cost)
- Addition of Regular full-time Automation programmer (\$111,000 estimated annual cost)
- Addition of Full-time Limited Term Laboratory Assistant (\$79,000 estimated annual cost)
- Transition of a Limited Term Contracts Administrator assigned to Pure Water Monterey Project to a regular full time position (this position is anticipated to be funded through the PWM budget over the next two years, the estimated annual cost to the General Fund in future years is estimated to be \$109,000)
- Transition of a ¾ time Limited Term Lab Technician to a full-time regular Lab Technician (\$20,000 estimated annual cost)
- Addition of a full-time Operator-in-Training to assist in the Operations Department. (\$42,000 estimated annual cost)
- Addition of a half-time temporary Account Clerk or Account Technician (\$32,000 estimated annual cost)

Capital Improvement Program:

Ms. Gonzalez provided a summary of the current year's CIP budget which was originally \$2.71 million; however it was reduced to \$1.51 million to assist with PWM costs. The original budget included 11 projects (cut to 9), and provided a summary of the major projects completed:

- SCADA projects
- Moss Landing Pump Station Upgrades Design

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- Ocean Outfall Protection
- Station 13 Upgrades
- Pump Station & Conveyance System Optimization Analysis
- Primary 5 Sludge Lines Cleanout
- Salinas Pump Station PLC to Ethernet

Ms. Gonzalez explained the FY17/18 Budget for the CIP will include 6 new projects, with a budget of \$4.3 million. She noted that the CIP selection process focused on risk-based analysis with emphasis on areas of vulnerability and criticality (consequence of failure).

Ms. Gonzalez stated that the 10-Year Program has about 70+ projects and studies for a total of \$92M in projects.

Pure Water Monterey Project

Mr. Sciuto provided an update on the Pure Water Monterey Project and highlighted the following:

- PWM Fiscal Year Proposed Budget: \$66.9 million
- Advanced Water Purification Facility \$31.2 million (*MCWD Estimated Contribution: \$4.4 million*) (*Proposition 1 GWR Grant: \$6.7 million*)
- Source Water Facilities: \$5.1 million (*Proposition 1 Stormwater Grant: \$1.6 million*)
- Injection Wells – Phase I: \$1.4 million (Proposition 1 GWR Grant: \$343,000)
- Injection Wells – Phase II: \$3.1 million (Proposition 1 GWR Grant: \$775,000)
- Pipeline Conveyance System: \$26.1 million (PCA Share (72%))

Mr. Sciuto provided an update on the Urban Reclamation – Brine Project and highlighted the following: Funding: California American Water Company

- FY 15/16: \$36,000
- FY 16/17: \$420,000
- FY 17/18: \$385,000

Public Comments:

Frank D. Pierce, Pacific Grove Resident, asked the Board if they have considered in their overall range of plans what they would do if the local communities start developing their own system to develop wastewater reuse and recycling themselves.

Chair Fischer answered that in order to undertake a project like this is very expensive and difficult and if it was not for the 1% SRF Loan that the Agency secured it would not be possible.

The Board thanked Ms. Hannah for putting together a comprehensive budget that was easy to understand. Ms. Hannah stated that she would be putting together a final draft budget for the Boards consideration for approval at the June 26 Board meeting.

7. ACTION ITEMS

A. Consider Updates to the Agency's Purchasing and Surplus Policies

Ms. Hannah stated that the Agency has evaluated and prepared proposed updates to its current purchasing policies and procedures. She provided an overview of the items that have been updated:

- Update Title 2: Grants and Administrative Requirements section (SRF Loan for PWM may be subject to the Title 2 requirements)
- Increase current signing authority and purchasing approval for certain staff
- Clarifying language for change orders based on purchasing approval levels
- Allowing up to a 10% contingency on construction contracts, which would be subject to Board approval
- Enhancing procedures and internal controls for credit card purchases and petty cash management
- Increasing petty cash disbursements from \$25 to \$50 per a reimbursement
- Incorporating recommendations for public works contract language from the Agency's attorney, which include language segregating formal contracts for goods into a separate section
- Segregating the Surplus Policy into a separate financial policy, which includes increased internal controls for the storage, inventory, and disposal of surplus assets
- Providing additional details and controls for sole source purchases and informal bidding

Member Barrett requested that the motion include reference be made to clarify the required approval levels for "Non-Competitive Procurements" and future consideration be given to contracting more often with small local or minority businesses, or those businesses listed in the Socio Economic/Affirmative Statements section of the Policy.

ACTION TAKEN: It was moved by Member De La Rosa, seconded by Member Allion, to approve the updates to the Agency's Purchasing Policy and Surplus Policy, with the provision that reference be made to clarify the required approval levels for "Non-Competitive Procurements" and future consideration be given to contracting more often with small local or minority businesses, or those businesses listed in the Socio Economic/Affirmative Statements section of the Policy, and carried by the following vote:

Ayes: Fischer, Stefani, Grier, Allion, Barrett, De La Rosa, Carbone, Rubio

Noes: None

Absent: Moore, Phillips

8. BOARD MEMBER COMMENTS/REPORTS (None)

[Chair Fischer recessed Open Session at 7:34 pm, and commenced Closed Session]

9. RECESS TO CLOSED SESSION

A. Conference with Real Property Negotiators
Pursuant to Government Code 54956.8

Property: Conveyance Pipeline
Agency Negotiator: Paul A. Sciuto, General Manager
Negotiating Parties: Marina Coast Water District
Under Negotiation: All Terms and Conditions

10. ANNOUNCEMENTS FROM CLOSED SESSION

Legal Counsel Wellington reported that the Board came back into Open Session at 7:55 p.m. He announced that in the Closed Session the Board considered Item 9-A (Conference with Real Property Negotiators), information was received from the Agency's negotiator, and no reportable action was taken.

11. ADJOURNMENT

At 7:56 pm with no further business, Chair Fischer adjourned the meeting to the next regularly scheduled Board Meeting to be held in the Board Room at 5 Harris Court, Building D, Monterey, California on Monday, June 26, 2017 at 6:00 pm.



Paul A. Sciuto, General Manager
Secretary to the Board



Rudy Fischer, Chair
MRWPCA Board of Directors