



**MINUTES**  
**of the Special Meeting - "Budget Workshop"**  
**Monterey Regional Water Pollution Control Agency**  
**Board of Directors**  
**June 12, 2000**

**1. CALL TO ORDER**

The Special Meeting of the Board of Directors of the Monterey Regional Water Pollution Control Agency was Called to Order by Chair Choates at 7:00 p.m. on Monday, June 12, 2000, in the Board Room of the Administrative Offices at 5 Harris Court, Building D, in Ryan Ranch.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

**BOARD MEMBERS PRESENT:**

Darryl Choates, Chair	Seaside
Theresa Canepa, Vice Chair	Monterey
Ramiro Cortez	Boronda County Sanitation District
Jack D. Barlich	Del Rey Oaks
Judy Pennycook	Monterey County
Peggy Shirrel	Moss Landing County Sanitation District
Morris Fisher	Pacific Grove
Janet Barnes	Salinas
David Pendergrass	Sand City

**BOARD MEMBERS ABSENT:**

VACANT AS OF 5/12/00	Castroville Service Area 14
Tom Moore	Marina Coast Water District
Dewey J. Baird	U.S. Army - Ex-Officio

**STAFF PRESENT:**

Keith Israel	General Manager
Robert Wellington	Legal Counsel
Tom Buell	Director of Finance
Bob Jaques	Director of Engineering Planning and Technology
John Tiernan	Director of Administrative Services
Deborah Fortune	Executive Assistant
Kay Bardin	Finance Manager
Karen Kupel	Accountant II
Marie Ono	Administrative Support Specialist I
Karen Harris	Community Relations Representative
Mark Malanka	Operations and Maintenance Program Coordinator
Dan Burns	Operations Manager

**OTHERS PRESENT:**

John Fair – City of Salinas  
Les Turnbeaugh – City of Monterey

**AUDIENCE:**

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**4. PUBLIC HEARING**

**A. Review Ordinance No. 2000-\_\_\_\_, An Ordinance Establishing Sewer Service User Charges and Capacity Charges, and Providing for the Billing, Payment and Collection of Same**

[At 7:01 p.m., Chair Choates opened the Public Hearing.]

Mr. Buell gave an overview of the proposed capacity charge ordinance, which replaces Ordinance No. 81-1. If adopted by the Board on June 26, the new ordinance would become effective on July 1, 2000.

After apologizing for being out of town and unable to call in his questions before the meeting, Mr. Fisher expressed concern regarding the supermarket and nightclub charges on the proposed ordinance. The supermarket charge of \$59.35 would be unequally applied to the square footage of Pacific Grove's Grove Market versus Sand City's Costco or Monterey's Safeway. The same would apply to a smaller nightclub versus a larger one where the volume of patrons is greater.

Mr. Buell noted that supermarket charges are based on whether they have a meat market, not square footage, and nightclubs are based on the amount of seats, not the number of patrons. Safeway and Costco are treated as "special users" and billed at a higher rate because of the multiple uses under one roof (i.e., deli, meat market, bakery, and rest rooms).

Mrs. Pennycook noted it would be helpful if there were a qualifier with example and asterisk below the table in the ordinance, so the public can see the charges are fair and equitable.

Mr. Buell noted receipt of written comments, dated June 4, 2000, from Mr. William Woodworth of Pacific Grove on the proposed connection fee rate increase.

[At 7:12 p.m., Chair Choates opened Public Comments on the Public Hearing RE: Proposed Connection Fee Ordinance.]

Mr. Woodworth commented on several issues: 1) that there is a 50% surcharge by the City of Pacific Grove, 2) that there is a discharge of water into the Sanctuary, 3) know where your sanitary systems are and put your power there, not in one sanitary district, because Pacific Grove, Salinas, and Fort Ord are being cheated, 4) look 25 years ahead, not just three years. He also noted he wasn't opposed to the budget.

[At 7:24 p.m., Chair Choates closed Public Comments on the Public Hearing.]

Mr. Choates commented that possibly the categories for stores could be broken down as they are for the take-out categories (i.e., small, medium, large).

Mr. Pendergrass pointed out that the charges are averages, not specific businesses. And, Mr. Buell noted that customers have a right to bring in water bills and if they are below average, they are given a credit.

Mr. Fisher noted the calculation formula on Page 9 is too complicated, as most users want to know how the fees apply to them.

To an inquiry by Mr. Choates, Mr. Wellington confirmed it was noticed there is one more Public Hearing on June 26, before adoption of the proposed ordinance, which becomes effective on July 1, 2000.

[At 7:28 p.m., Chair Choates closed the Public Hearing.]

## **5. PUBLIC COMMENTS**

[At 7:29 p.m., with no response, Chair Choates opened and closed Public Comments.]

## **6. COMMITTEE REPORTS AND RELATED ACTION ITEMS**

### **A. BUDGET/PERSONNEL COMMITTEE**

#### **1. Approve Committee Minutes/Report – May 25, 2000**

➤ Including the Following Agenda Item(s) and Recommendation(s):

##### **a. Update on the Proposed FY 2000/01 Budget**

➤ Informational update only.

##### **b. Closed Session**

➤ Committee recommendation on performance evaluation of the General Manager to be presented in Closed Session on June 26.

**ACTION TAKEN:** On a motion by Mr. Barlich, seconded by Mrs. Canepa, with Mr. Choates abstaining, the Board approved the Budget/Personnel Committee Minutes/Report from May 25, 2000.

## **7. 2000/01 BUDGET SUMMARY**

### **A. General Manager: Budget Comments**

Mr. Israel briefly summarized the points outlined in the General Manager's letter at the front of the Proposed Budget document, noting the addition of several points after the document was printed for the meeting.

### **B. Director of Finance: Revenues and Staffing**

Emphasizing this is the ninth year without a rate increase, Mr. Buell summarized: 1) Revenues, 2) Residential Rate Comparison within California (MRWPCA is well below the average), 3) Changes in User Fees;

and 4) Staffing Reductions.

Mr. Fisher emphasized that MRWPCA needs to get the word out that fees have remained unchanged for nine consecutive years, because that's an outstanding accomplishment. Also, we need to publicize that our fees are 10 percent less than other wastewater providers in the State of California, and thus, we're able to pass the savings on to the ratepayers.

**C. Finance Manager: O&M Expenditures**

Mrs. Bardin summarized MRWPCA's budget process, which involves all employees, and begins with assigning an Accounting Department liaison to each department. The following categories were summarized: 1) 1999/00 Budget vs. Estimated Expenditures (under budget by \$61,000), 2) O&M Budget trend; 3) Proposed 2000/01 Budget Highlights, 4) Budget Inflated by Annual CPI (actual is \$3 million lower), 5) Reclamation Operating Budgets.

Mr. Fisher noted budget decreases over the last year, but professional services, which includes legal services, shows a 14% increase over the previous year. Mr. Buell noted that legal services last year were \$50,000 and are projected to be the same with an additional \$10,000 budgeted for urban reclamation for the coming year. Mrs. Bardin noted that the five-year Capital Plan cannot absorb those one-year costs which are not capitalized costs. [TOM IS THIS EXPRESSED CORRECTLY?]

**D. Accountant II: Capital Outlay & Capital Projects**

Mrs. Kupel explained "Capout" as those expenditures over \$1,000, with over a year of life expectancy, and "Capital Projects" as buildings, equipment, software, etc. that would be added to the fixed asset system and often have labor attached, and could span more than one year.

It was explained that the projects that are ultimately chosen are those that meet the criteria of the MRWPCA goals to: 1) be safe; 2) be a world class organization; 3) maintain competitive environment; 4) avoid interruptions of service; and 5) avoid permit violations.

The 2000/01 Capital Equipment is \$448,450, and Capital Improvement Projects, \$778,000.

Mrs. Pennycook thanked staff for looking for efficiencies and being proactive to keep costs down.

**E. Director of Finance: Debt Service and Reserves**

Mr. Buell reported that both debt service and reserves are in good shape.

Mr. Buell thanked all staff for the great team effort in this year's budget process!

Tom extended special thanks Karen Kupel for the great job she's performed in taking up the slack in the Accounting Department upon the departure of the accounts payable and reclamation accountants. And, he acknowledged Marie Ono and Debbie Fortune for the budget product that will continuously be improved upon until it's distribution after the budget is approved on June 26.

**F. Board Member Comments**

Mrs. Shirrel thanked staff for being patient and answering all her questions.

Mr. Fisher thanked staff for explaining the budget and saluted MRWPCA for keeping salaries and benefits at 36% of the budget, noting that those same expenditures in Pacific Grove are at 82%. He commented that wages are people and the employees have done an efficient job.

Mrs. Canepa stated she's proud to sit on this Board and conveyed a job well done to Tom, and every one of the employees in the departments of the Agency.

[Spontaneous applause from the Board of Directors.]

**8. ADJOURNMENT**

With no further business, Chair Canepa adjourned the meeting at 8:08 p.m. to the next regular meeting on Monday, June 26, 2000, at 7:00 p.m. at the Admin Offices.

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Keith E. Israel  
General Manager/Secretary to the Board

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Darryl Choates  
Chair of the Board of Directors

Date Passed: June 26, 2000