



APPROVED
June 27, 2016

MINUTES
of the Budget Workshop
Monterey Regional Water Pollution Control Agency
Board of Directors
June 6, 2016

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 De La Rosa at 6:01 pm, on Monday, June 6, 2016 in the Board Room at 5 Harris Court, Building D, Monterey, California.

2. ROLL CALL

BOARD MEMBERS PRESENT:

Gloria De La Rosa, Chair	Salinas
Rudy Fischer, Vice Chair	Pacific Grove
Linda Grier	Boronda County Sanitation District
John M. Phillips	County of Monterey
Dennis Allion	Del Rey Oaks
Thomas P. Moore	Marina Coast Water District
Libby Downey	Monterey
Tom Razzeca	Moss Landing County Sanitation District
Dave Pendergrass	Sand City
Ralph Rubio	Seaside
Vacant – Ex-Officio	United States Army

BOARD MEMBERS ABSENT:

Ron Stefani	Castroville Community Services District
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MRWPCA STAFF PRESENT:

Paul A. Sciuto	General Manager
Rob Wellington	Legal Counsel
Steve Hogg	Assistant General Manager
Tori Hannah	Chief Financial Officer
Bob Holden	Principal Engineer
Mike McCullough	Government Affairs Administrator
Leara Sampson	Human Resources Administrator

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Jennifer Gonzalez
Mark Malanka
Chayito Ibarra

Engineering Manager
Maintenance Manager
Executive Assistant

OTHERS PRESENT:

Wayne Downey – Public Member
Eric Tynan – Castroville Community Services District

3. PLEDGE OF ALLEGIANCE

Mr. Allion led the Pledge of Allegiance.

4. PUBLIC COMMENTS

At 6:03 pm, Chair De La Rosa called for Public Comments – none received.

5. 2016/2017 BUDGET SUMMARY

Ms. Hannah provided a general overview of the FY16/17 Budget with highlights that include:

- Revenues include final year of a three-year Prop 218 proposed rate increase
- Expenditures related to PERS increase and Cost-of-Living adjustment
- Major O&M: \$460,000
- Capital Equipment: \$499,300
- Capital Improvement: \$2,710,000
- Fiscal Year 16/17 Reserve Contribution: \$240,000
- Estimated Reserve Balance:
 - Ending FY 15/16: \$1.92M
 - Ending FY 16/17: \$2.17M
- Groundwater Replenishment
 - Six Month Transition Budget: \$1.74Million
 - Agency: \$436,000 MPWMD: \$1,307,000

Ms. Hannah provided an overview of the position changes and additions for FY 16/17. She noted the following additions and transitions of positions along with the financial impact it would have on the FY 16/17 budget. Position additions include a regular full time IT Technician (\$107,800, net \$84,300). Additional position transitions or reclassifications included:

- Limited Term Groundskeeper to become regular, full time employee (\$2,500)
- Electrician 1 to an Instrumentation Technician (No impact in FY 16/17, long term annual impact \$4,700)
- Admin Support Specialist to a Customer Service Representative (No impact in FY 16/17)

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- Reclassifications and Structural Changes in Accounting Department (FY 16/17: \$8,200, long-term \$18,000)

Ms. Hannah presented charts for the Board that provided information on the Operating Reserve Review for FY16/17; General Fund Operating Summary for FY16/17 with projected Revenues (\$24.2M); historical costs of Capacity Charges and Residential Sewer Rates over the last 10 years; and Expenditures for the coming budget year. She also reviewed the Debt Service Schedule and explained that 2006 Bonds will be retired in FY17/18 resulting in a savings of \$86,000 per year.

Capital Improvement Program:

Ms. Gonzalez provided a summary of the previous year's CIP with a \$4.025M budget that included 15 projects, and highlighted the major projects completed:

- SCADA projects
- Salinas Source Water projects
- Seaside Pump Station Drive Replacement
- Class C Pump Station Design
- GWR Demonstration Project
- Moss Landing Pump Station Upgrades Design

Ms. Gonzalez explained the FY16/17 Budget for the CIP will include 11 projects at a cost of \$2.71M. 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.

Financial Update:

Ms. Hannah provided additional information on reserves and unrestricted cash balances, including a review of their importance in determining the Agency's credit rating and interest rates; and maintaining sufficient cash to support cash flow needs. She noted that in April, unrestricted cash was \$4.3 million, however, when adjusted for pending member entity payments, the amount was \$2.5 million, net of the line of credit. Ms. Hannah also provided a ten-year projection of operating revenues and expenses to assist with long-term planning. This information could be used by the Board in the upcoming year to assist in planning for capital improvements, reserve balances, and developing rates.

Public Comments:

None received.

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 27 Board meeting.

6. STAFF REPORTS

A. General Manager/Assistant General Manager/Legal Counsel (None)

7. BOARD MEMBER COMMENTS/REPORTS (None)

[Chair De La Rosa recessed Open Session at 7:32 pm, and commenced Closed Session]

8. RECESS TO CLOSED SESSION

A. Conference with Labor Negotiator
Pursuant to Government Code 54957.6

Agency Negotiator: Janet Cory Sommer
Employee Organization: Operations Employees Bargaining Group (OEBG)

B. Conference with Labor Negotiator
Pursuant to Government Code 54957.6

Agency Negotiator: Paul A. Sciuto, General Manager
Employee Organizations: General Employees Association (GEA)
Mid-Management Employees Group (MMEG)
Management Employees Group (MEG)

9. ANNOUNCEMENTS FROM CLOSED SESSION

Legal Counsel Wellington reported that the Board came back into Open Session at 7:42 p.m. He announced that in the Closed Session the Board considered the two items listed on the agenda, Mr. Wellington reported that with regard to both items, information was provided to the Board, discussion followed and general directions were given to the negotiators. No reportable action was taken as to either matter.

10. ADJOURNMENT

At 7:45 pm with no further business, Chair De La Rosa adjourned the meeting to the next regularly scheduled Board Meeting to be held in the Board Room at 5 Harris

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Court, Building D, Monterey, California on Monday, June 27, 2016 at 6:00 pm.



Paul A. Sciuto, General Manager
Secretary to the Board



Gloria De La Rosa, Chair
MRWPCA Board of Directors