

**WASTEWATER MANAGEMENT ADVISORY COMMITTEE
MEETING MINUTES**

March 2, 2005

Committee Members Present:

John Carlson	Brad DeSpain	Mark Stratton
Bill Carnes	Armando Membriola	Ann Marie Wolf

Committee Members Absent:

Steve Halverson

Wastewater Management Department Staff Members Present:

Paul Bennett	Mike Bunch	Ed Curley
Suzy Hunt	Jackson Jenkins	Laura Fairbanks
Jeff Nichols	Mike Kostrzewski	Glen Peterson

Other County Staff Present:

John Bernal	Paul Campbell	Patrick Cavanaugh
County Administration	Staff, District 4	Staff, District 1

Juanita Garcia-Seiger	Andy Seiger
County Administration	Flood Control District

- I. **CALL TO ORDER.** Chair, Mark Stratton, called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 8:31 P.M.
- II. **APPROVAL OF MINUTES.** The Committee approved the meeting minutes of the February 17, 2005 meeting.
- III. **DISCUSSION.**
 - A. **Old Items/Updates.**
 1. **Spring 2005 Financial Plan.** Mr. Stratton reminded the Committee members that they had just heard a presentation of the Wastewater Management (WWM) Spring 2005 Financial Plan from WWM staff, and received comments from the public.

Mr. Stratton noted that he had attended the Board of Supervisors February 1, 2005 meeting at which the Board had indicated that they didn't want to consider an overall rate increase proposal until Black & Veatch had completed the User and Connection Fees Rate Study. Mr. Stratton strongly felt the longer the Committee waited to bring back some financial stability to the Department the more it would only be "adding fuel to the fire." He expressed support for

components of Rate Package (Scenario) C, specifically for increasing the User Fee rates for the Department's increased Operations and Maintenance (O&M) costs and initiating the 2004 Bond funding at a cost of \$1.75/month for sewer users and \$103.44 to \$2,691.12 per house for new connections. He expressed support for recommending approval of this Package to initiate some interim funding for the Department.

Mr. Carnes asked when the findings of the B&V Rate Study would be known, and whether the Department would have sufficient funding to operate during this period. Mr. Bennett responded that a draft of the B&V Report would be available in May 2005 and a final report in June 2005. Mr. Stratton commented that the Department would have some additional expenses in the next fiscal year for staffing, the State Retirement Fund contributions, and increased employee medical compensation expenses. He felt that if the Department doesn't have the funds, there will be more cutting of its existing budget.

Ms. Wolf said she had previously requested information that demonstrated that there was a clear separation of revenues generated by User & Connection fees. She didn't feel rate increases could be justified, because she did not have a "clear picture" of the Department's finances. In addition, she said she could support funding for implementation of the 2004 Sewer Revenue Bond projects, but nothing else. She felt the B&V Rate Study, and other aspects of the B&V Audit, needed to be completed first.

Mr. Carlson felt there was no danger with an immediate, interim rate increase, and the Committee could "fine-tune" its recommendation to the Board of Supervisors when the results of the B&V Rate Study were known.

Mr. Carlson made a motion that the Committee recommend approval of the financial components included in the Spring 2005 Financial Plan's Rate Package C for increases in the O&M for the Department's foreseeable costs, and funding for start-up of new treatment capacity, and funding of the 2004 Bond Projects to the Board of Supervisors. Further, if the Board of Supervisors approves this proposed rate increase, the analysis of the B&V Rate Study should include what this rate would do overall, so that any rate adjustments needed would be clearly defined. Ms. Wolf said she had no problems with supporting the 2004 Bond funding. However, she said two meetings ago, she had recommended that WWM needed to develop clear formulas to indicate where monies are coming from and where they are going.

Mr. Membrila seconded the motion for discussion purposes. In addition, he said if he had made the motion, it would have been proactive and would have recommended Package D. He said he did not disagree with Ms. Wolf or Mr. Carlson, and he felt the current motion was a way to start. He also felt that the B&V Rate Study would support what is finally approved, and since the 2004 Revenue Bonds Projects were voter driven, the Department needed to move on the 2004 Bond Funded Projects.

Mr. Stratton indicated that, if the Rate Study supported what Rate Package D recommends, he would support approval as well.

Mr. Bernal said it was assumed that the WMAC would have position on the B&V Rate Study.

Mr. Membrilla then proposed an amendment to the motion to add that, upon finalization of the B&V Rate Study, any adjustments to the rates recommended by the motion would be reviewed by the WMAC and the WMAC would submit a recommendation to the Board of Supervisors based on that review.

The Committee voted: YES – 5, NO – 1.

Note: With the permission of the Committee, staff was to review the minutes, and draft a final text version of the motion and forward to Mr. Stratton and the Committee for review and concurrence. That motion is as follows:

Mr. Carlson made a motion that the Committee recommend to the Board of Supervisors that the Board adopt as soon as feasible the Rate Package C components from the Spring 2005 Financial Plan, including: the increases in required basic Operations and Maintenance and regulatory expenses; the costs for start-up of the new treatment plant capacity coming on-line; and funding of the initial funding of the 2004 Bond Projects.

Mr. Membrilla seconded the motion for discussion purposes. He then proposed an amendment to the motion to add that the WMAC would review the recommendations of the Black & Veatch Rate Study when completed in May/June 2005 and, based on this review, recommend to the Board of Supervisors adjustments to the rates in Package C. These adjustments, based on the findings of the Rate Study, could be to either increase or decrease the interim rates in Package C.

The amended motion was approved by a vote of five to one.

At this point in the meeting, Mr. Bernal said in his next update on March 15, 2005 to the Board of Supervisors, a recommendation would be included that the Board of Supervisors consider expanding the membership of the Committee.

B. New Items. No new items were discussed.

IV. FUTURE AGENDA ITEMS. Spring 2005 Financial Plan; Wastewater Management Strategic Plan; Black & Veatch Audit Response; Facility Plan Update; Rate Study Report.

V. ADJOURNMENT. The meeting was adjourned at 8:49 P.M.