



TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Water Resources Agency Board of Supervisors Approve a Budget Amendment Authorizing the Auditor-controller to Amend the Monterey County Water Resources Agency's Fiscal Year 2014-15 Budget for Emergency Repairs to the Standby Transfer Pump and Standby Transfer Pump Power Supply in Fund 132 Salinas Valley Reclamation Project (SVRP) in the Amount of \$100,000 Dollars.





TODAY'S ACTION (cont.)

- i. Increase appropriations in Fund 132 (SVRP) Dept.9300, Unit 8267, Appropriation Unit WRA021, Account 6613, (Other Professional & Special Services) by \$100,000 financed by available Unreserved Fund Balance account 3101, (4/5th vote required); and
- ii. Authorize the Auditor-Controller's Office to incorporate approved appropriation and estimated revenue modifications to the FY 2014-15 Budget, and the County Administrative Office to reflect these approved changes in the FY 2014-15 Adopted Budget, (4/5th vote required).





Committee Action

- Presented at January 16, 2015 Finance Committee



Financial Impact

- \$100,000 Fund 134-SVRP



Discussion

- Unscheduled repairs and replacement of components within SVRP have been identified by PCA
 - \$46,000 for replacement of a transfer pump electrical power supply wire
 - \$30,000 for transfer pump repair
- SVRP uses 3 large pumps to transfer water from the secondary to the tertiary treatment facility.
 - 2 main pumps
 - 1 standby



Discussion

- Loss of one of the remaining pumps or power supply cables would cause a 10%-35% reduction in treated water available to CSIP, depending on inflow to the Regional Treatment Plant
- Of the \$24,000 designated as contingency, \$20,000 has been identified for repairs to two chlorine manifolds used within the tertiary treatment facility
- This amendment will help ensure the operational reliability of the tertiary treatment facility and delivery of the maximum amount of treated water available to the CSIP system



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- ii. Authorize the Auditor-Controller's Office to incorporate approved appropriation and estimated revenue modifications to the FY 2014-15 Budget, and the County Administrative Office to reflect these approved changes in the FY 2014-15 Adopted Budget, (4/5th vote required).







TODAY'S ACTION

Consider Approving and Recommending that the Monterey County Board of Supervisors Approve a Proposal to Modify the Water Resources Agency Fund Structure to Create More Transparency in How Revenues Are Reported in the Agency Budget and the Monterey County Advantage Accounting System as Recommended by Rodney Craig Goodman Jr., CPA and the County Auditor-controller's Office.





Financial Impact

- None - provides more transparency when money is transferred between Agency Funds



Discussion

- In 2013, the Agency was asked to review its Fund structure.
- The Auditor –Controller’s Office retained Rodney Craig Goodman Jr., CPA to perform the following services for the Agency:
 - Review accounting design, controls and systems used to gather and report financial information
 - Review fund structure of the WRA and recommend modifications
 - Review accounting operations and transactions of the WRA and recommend modifications



Discussion (cont.)

- The Agency has 26 Funds
- Mr. Goodman categorized them by the type of Revenue:
 - Ad Valorem
 - Assessments and Benefit Assessments
 - Developer Fees
 - Hydroelectric Revenues and Water Delivery Charges
 - Grant Revenue
 - Grazing Leases



Discussion

- Any movement of these revenue types after the initial recording must be completed by authorized transfers.
- This leaves a clear trail identifying the fund entitled to the money where it was allocated for use.



Discussion (cont.)

- Goodman's recommendations suggested that the following funds be categorized as either a proprietary or general fund:
 - 114, 115, 130, 134
- Our recommendation along with support from the A/C is to categorize these funds into a general fund and not an enterprise fund **and include Fund 111**
 - There is no law requiring that charges be recovered
 - Fish monitoring activity was not passed by 218 and currently utilizes ad valorem for part of the costs from Fund 114, and 115
 - Hydro-electric revenue is unstable and Agency policy pledges its revenue to cover SVWP Bond; which is easily transferrable from a general fund.

Discussion

Copy of Fund and Revenue information 2013 (2) (2) - Microsoft Excel

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	
4																			
5																			
6	Adv Fund	112	111	113	114	115	116	116	117	118	119	303	131	132	120	121	122	123	
7	AFIN Fund	202	201	203	205	206	207		210	215	217	424	256	257	218	219	222	230	
8	AFIN BU	930	930	930	930	930	930, 934, 935		930	930	930	930	930	930	930	930	930	930	
9																			
10	Zones	1	1A	CW	2	2A	2C	2C	3	5	2B (old 6)	2B (old 6)	2Y	2Z	7	8	9	11	
34	Zone 2C - Salinas Valley Ordinance - Operations and maintenance (Nacimiento and San Antonio Dams) - flood protection, water conservation, and recreation																		
35																			
36	RECOMMENDATIONS																		
37	1 - Fund structure																		
38		Consider consolidating into one administrative fund (GF - for WRA). All ad valorem taxes should be first deposited into this fund. If these revenues are committed to another fund use a transfer to																	
39		Maintain each special revenue fund to track assessments and benefit assessments to the applicable zones																	
40		Consider using enterprise funds. Special revenue funds may also be an option. These functions rely on revenue generated by these funds or developer fees.																	
41		Consider using debt service funds																	
42		Consider using capital projects funds																	
43																			
44	2 - Revenues																		
45		Revenues should be deposited to a revenue account in the fund that receives them. If revenues are committed to another fund, they should be transferred out/in to that fund in a separate transac																	
46		This provides a cleaner trail in who earned the revenues and where they are subsequently spent																	
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Summary

- The Auditor-Controller's Office endorses the fund structure changes and has requested the following additional modifications :
- Close Fund 303 (upon analysis of USBR Loan Documents)
- Close Fund 133 and utilize 313 for Debt-Service payments (upon review of SVWP Bond Documents)
- Clean up purple highlighted funds constructions funds (422, 423, 424, 425)



TODAY'S ACTION

Approve and Recommend that the Monterey County Board of Supervisors Approve a Proposal to Modify the Water Resources Agency Fund Structure to Create More Transparency in How Revenues Are Reported in the Agency Budget and the Monterey County Advantage Accounting System as Recommended by Rodney Craig Goodman Jr., CPA and the County Auditor-controller's Office.







TODAY'S ACTION

Consider Approving the Proposed Zone 2B, 2Y and 2Z Water Delivery/Service Charges for the Water Resources Agency Castroville Seawater Intrusion Project (CSIP – Fund 131), Salinas Valley Reclamation Project (SVRP- Fund 132) and the Salinas River Diversion Facility (SRDF – Fund 134) FY 2015-16 Budgets as Established by Ordinances 3635, 3636 and 3789 through the Adoption of Clarification Resolution 00-172; and, Authorizing the Water Resources Agency to Levy Such Proposed Charges Effective July 2015.





Committee Action

- This item was heard at the December & January Finance Committee
- It was also presented at the Water Quality & Operations meeting



Prior BOD/BOS Action

- None



Financial Impact

- Impacts Budgets for SRDF- 134 /CSIP-131



Discussion

- Water Delivery/Service Fees:
 - Created separately for each project
 - Fees were never revisited after the SRDF began operations
 - CSIP/SVRP Fee has no historical methodology to follow
 - SRDF has a clear methodology to follow and recoup O&M for SRDF but relies on CSIP/SVRP
 - A Policy to set base rate & methodology should be used for the entire system CSIP/SVRP/SRDF of water delivery/services charges regardless of SRDF shutdown.



Discussion (cont.)

- The methodology presented today is based on the SRDF Engineer's report attached
- The rates shown are based on the following assumptions:
 - On-going Actual revenues were matched with on-going expenditures over 5 year period (FY 14-15 estimates)
 - One-time expenditures were not included
 - Previous water delivery charge revenues not included



Discussion

- The Finance Committee requested that counsel advise if a proposition 218 vote is necessary for the proposed increase;
 - ✓ Counsel is reviewing the proposal and it appears to fall within the grey area of law which requires research – no determination to date.
- Other considerations, the Agency did not have COLA increases in FY 2011-12 and FY 2012-13; can we retroactively apply these increases?
- In addition, the policy to set the base rate of both CSIP and SRDF when SRDF is not operating is the real issue at hand.



Discussion (cont.)

- In Spring of FY 2013-14 the SRDF shutdown. The Agency projected its FY 2014-15 Budget without the SRDF in operations; this changed the base rate at which the Agency was authorized to charge its customers.
 - For 9 months the Agency could only charge the minimum rate of \$19.68 for CSIP to operate without SRDF; it projected 3 months of SRDF in operations at a charge of \$5.63 for CSIP and \$67.82 for SRDF (April – June 2015).
 - A policy to maintain the existing base rates while SRDF is shutdown would be the right decision.

Water Delivery/Service CPI increases - Assuming Agency Adopted Increases from FY 2010-2015

“What If” OPERATION	FY 2010-11 1.8%	FY 2011-12 1.7%	FY 2012-13 3.0%	FY 2013-14 2.4%	FY 2014-15 2.4%
CSIP	5.50	5.59	5.76	5.90	6.08
SRDF	66.23	67.25	69.27	70.93	78.67
TOTAL	\$71.73	\$72.84	\$75.03	\$76.83	\$84.75

CURRENT OPERATION	FY 2010-11 1.8%	FY 2011-12	FY 2012-13	FY 2013-14 2.4%	FY 2014-15
CSIP	5.50	5.50	5.50	5.63	19.68 *
SRDF	66.23	66.23	66.23	67.82	0
TOTAL	\$71.73	\$71.73	\$71.73	\$73.45	\$19.68

- CSIP 9 months @ 19.68; SRDF @ 0
- CSIP 3 months @ 5.63; SRDF @ \$67.82

Discussion (cont.)

Water Deliveries History (5 year) in AF		5 year Average Costs not covered by revenues w/o Fish Monitoring	7,400,349
FY 09-10	17,355	5 Average Revenues (excl one-time)	5,351,276
FY 10-11	19,992	On-going costs not covered by on-going revenues (a)	2,049,073
FY 11-12	20,446	5 year average water delivery (b)	20,778.00
FY 12-13	22,275	Suggested water delivery charge (a ÷ b)	98.62
FY 13-14	23,822		
5 year total water delivery in AF	103,890.00	5 year Average Costs not covered by revenues w/Fish Monitoring	7,681,605
5 year average water delivery in AF	20,778.00	5 Average Revenues (excl one-time)	5,351,276
		On-going costs not covered by on-going revenues (a)	2,330,329
		5 year average water delivery (b)	20,778.00
		Suggested water delivery charge (a ÷ b)	112.15

Pending FY 13/14 Reconciliation with PCA for CSIP and SVRP

**One time revenues not included

***Water delivery charges not included



Discussion (cont.)

		5 Average Costs not covered by revenues w/o Fish Monitoring	2,049,407.65
		5 year average water delivery	20,778.00
Actual Water Delivered		Suggested water delivery charge	98.63
FY 09-10 Actual	17,355	Current Charge:	73.45
FY 10-11 Actual	19,992	Difference:	\$ 25.18 or 34.3%
FY 11-12 Actual	20,446		
FY 12-13 Actual	22,275	5 Average Costs not covered by revenues w/Fish Monitoring	2,330,663.90
FY 13-14 Actual	23,822	5 year average water delivery	20,778.00
Total	103,890	Suggested water delivery charge	112.17
Average	20,778	Current Charge:	73.45
		Difference:	\$ 38.72 or 52.7%



**CSIP/SVRP/SRDF FY 2014-15 Budgets
December 31, 2014 YTD figures**

	<u>Fund 119 CSIP Zone 2B</u>	<u>Fund 131 CSIP Zone 2Y</u>	<u>Fund 132 SVRP Zone 2Z</u>	<u>Fund 303 CSIP Debt</u>	<u>Total CSIP/ SVRP</u>	<u>Fund 134 SRDF O&M</u>	<u>Total</u>
<u>Estimated Beginning Fund Balance</u>	\$810,392	\$1,758,645	\$2,102,916	\$1,577,422	\$6,249,374	\$2,052,437	\$8,301,811
<u>Revenue</u>							
Assessments (No COLA)	\$1,698,240	\$688,239	\$1,987,611		\$4,374,089		\$4,374,089
Assessment revenue transfers between Funds	0	0	0	0	0		0
Ad Valorem Taxes					0		0
Water Delivery charges	0	220,664			220,664	864,273	1,084,937
Interest & Other	799	1,444	1,643	1,555	5,441	1,884	7,326
Total Revenue	\$1,699,039	\$910,346	\$1,989,254	\$1,555	\$4,600,194	\$866,158	\$5,466,352
<u>Expenditures</u>							
MCWRA costs							
Labor allocation	\$14,466	\$187,513			\$201,979	\$140,731	\$342,710
Maintenance/Repair/Legal	0	56,108			56,108	553,499	609,607
Well maintenance & repair		0			0		0
Espinosa booster pump		16,696			16,696		16,696
Insurance (Net of PCA reimbursement)		(75,000)			(75,000)		(75,000)
Fixed Assets - Security gate & Flowmeter					0		0
Transfer to JPA Fund for Debt Payment/Trustee fee							0
CSIP Loan Payments					0		0
PCA O&M Charges		655,837	951,389		1,607,226	467,556	2,074,782
PCA Capital Outlay Charges		0			0		0
PCA - SVRP Loan Payments					0		0
Total Expenditures	\$14,466	\$841,154	\$951,389	\$0	\$1,807,009	\$1,161,786	\$2,968,795
<u>Net Revenue less Expenditures</u>	\$1,684,573	\$69,192	\$1,037,865	\$1,555	\$2,793,185	(\$295,628)	\$2,497,557
<u>Estimated Ending Fund Balance</u>	\$2,494,964	\$1,827,837	\$3,140,781	\$1,578,976	\$9,042,559	\$1,756,809	\$10,799,368

*



CSIP/SVRP/SRDF FY 2014-15 Budgets

	<u>Fund 119</u> <u>CSIP Zone 2B</u>	<u>Fund 131</u> <u>CSIP Zone 2Y</u>	<u>Fund 132</u> <u>SVRP Zone 2Z</u>	<u>Fund 303</u> <u>CSIP Debt</u>	<u>Total CSIP/</u> <u>SVRP</u>	<u>Fund 134</u> <u>SRDF O&M</u>	<u>Total</u>
<u>Estimated Beginning Fund Balance</u>	\$806,604	\$1,350,402	\$1,191,689	\$1,527,573	\$4,876,268	\$883,999	\$5,760,267
<u>Revenue</u>							
Assessments (No COLA)	\$3,265,096	\$998,362	\$3,046,275		\$7,309,733		\$7,309,733
Assessment revenue transfers between Funds	(3,050,000)	700,000	450,000	1,900,000	0		0
Ad Valorem Taxes					0		0
Water Delivery charges	0	329,457			329,457	661,584	991,041
Interest & Other	3,380	6,000	8,000	15,000	32,380		32,380
Total Revenue	\$218,476	\$2,033,819	\$3,504,275	\$1,915,000	\$7,671,570	\$661,584	\$8,333,154
<u>Expenditures</u>							
MCWRA costs							
Labor allocation	\$146,217	\$373,980			\$520,197	\$306,608	\$826,805
Maintenance/Repair/Legal	3,100	6,676	100,250		110,026	790,984	901,010
Well maintenance & repair		495,068			495,068		495,068
Espinosa booster pump		300,000			300,000		300,000
Insurance (Net of PCA reimbursement)		165,430			165,430		165,430
CSIP Loan Payments				1,883,536	1,883,536		1,883,536
PCA O&M Charges		1,311,674	1,902,779		3,214,453	263,564	3,478,017
PCA Capital Outlay Charges		70,000	273,000		343,000		343,000
PCA - SVRP Loan Payments			1,833,871		1,833,871		1,833,871
Total Expenditures	\$149,317	\$2,722,828	\$4,109,900	\$1,883,536	\$8,865,581	\$1,361,156	\$10,226,737
<u>Net Revenue less Expenditures</u>	\$69,159	(\$689,009)	(\$605,625)	\$31,464	(\$1,194,011)	(\$699,572)	(\$1,893,583)
<u>Estimated Ending Fund Balance</u>	\$875,763	\$661,393	\$586,064	\$1,559,037	\$3,682,257	\$184,427	\$3,866,684

*
* Includes CSIP Rate stabilization reserve of \$1,380,864



Summary

- In light of all the discussions & feedback received, the real issue is a policy change to maintain the existing base rates of \$67.82 for SRDF (even if it shuts down) and \$5.63 for CSIP.
- As shown, annual COLA increases are necessary to keep up with the maintenance of the entire CSIP/SVRP/SRDF operation.



TODAY'S ACTION

Approve the Proposed Zone 2B, 2Y and 2Z Water Delivery/Service Charges for the Water Resources Agency Castroville Seawater Intrusion Project (CSIP – Fund 131), Salinas Valley Reclamation Project (SVRP- Fund 132) and the Salinas River Diversion Facility (SRDF – Fund 134)

FY 2015-16 Budgets as Established by Ordinances 3635, 3636 and 3789 through the Adoption of Clarification Resolution 00-172; and, Authorize the Water Resources Agency to Levy Such Proposed Charges Effective July 2015.







TODAY'S ACTION

Consider Approval of a Professional Services Agreement with Utility Cost Management for the Purpose of Reviewing Utility Rates for the Castroville Seawater Intrusion Project; and, Authorize the General Manager to Execute the Agreement.





Financial Impact

- Unknown/Potential Cost Savings



Discussion

- Utility Cost Management (UCM) is a company that audits utility bills to ensure proper rate classification and schedule.
- The fee for services is a percentage of any cost savings found.
- 50% of any refund and 50% of future cost savings found for a period of three years is typical fee.
- Agency fee has been negotiated down to 42% of any rebate and future savings found for a period of three years.



Discussion (cont.)

- MRWPCA Staff referred UCM to the Agency after solicitation by UCM
- UCM will audit PG&E electric power invoices for CSIP accounts going back 3 years.
- CSIP has 64 individual accounts with an annual cost of ±\$316,000.
- MRWPCA manages and pays all CSIP utility charges under contract to MCWRA.
- MCWRA would recoup any rebates or future cost savings through a reduction in operational costs associated with a review of electric charges by UCM.



Discussion (cont.)

- Agency staff made contact with the Pajaro Valley Water Authority, a UCM customer, to confirm claims made by UCM.
- Scott Predmore of UCM presented proposal at November 27, 2014 Water Quality & Operations meeting
- MCWRA would pay UCM invoices after any savings realized
- No charges for services unless rebate or future cost savings found
- No late fees



TODAY'S ACTION

Approve a Professional Services Agreement with Utility Cost Management for the Purpose of Reviewing Utility Rates for the Castroville Seawater Intrusion Project; and, Authorize the General Manager to Execute the Agreement.







TODAY'S ACTION

Consider Approval of a Professional Services Agreement with Rain For Rent in the Amount of, Not to Exceed, \$31,000 to Allow Pumping of Castroville Seawater Intrusion Project Well 09D04 (New Well No. 2) to Improve Water Quality; and, Authorize the General Manager to Execute The Agreement.





Committee Action

- Presented at January 16, 2015 Finance Committee



Financial Impact

- \$31,000 Fund 131-CSIP Operations and Maintenance



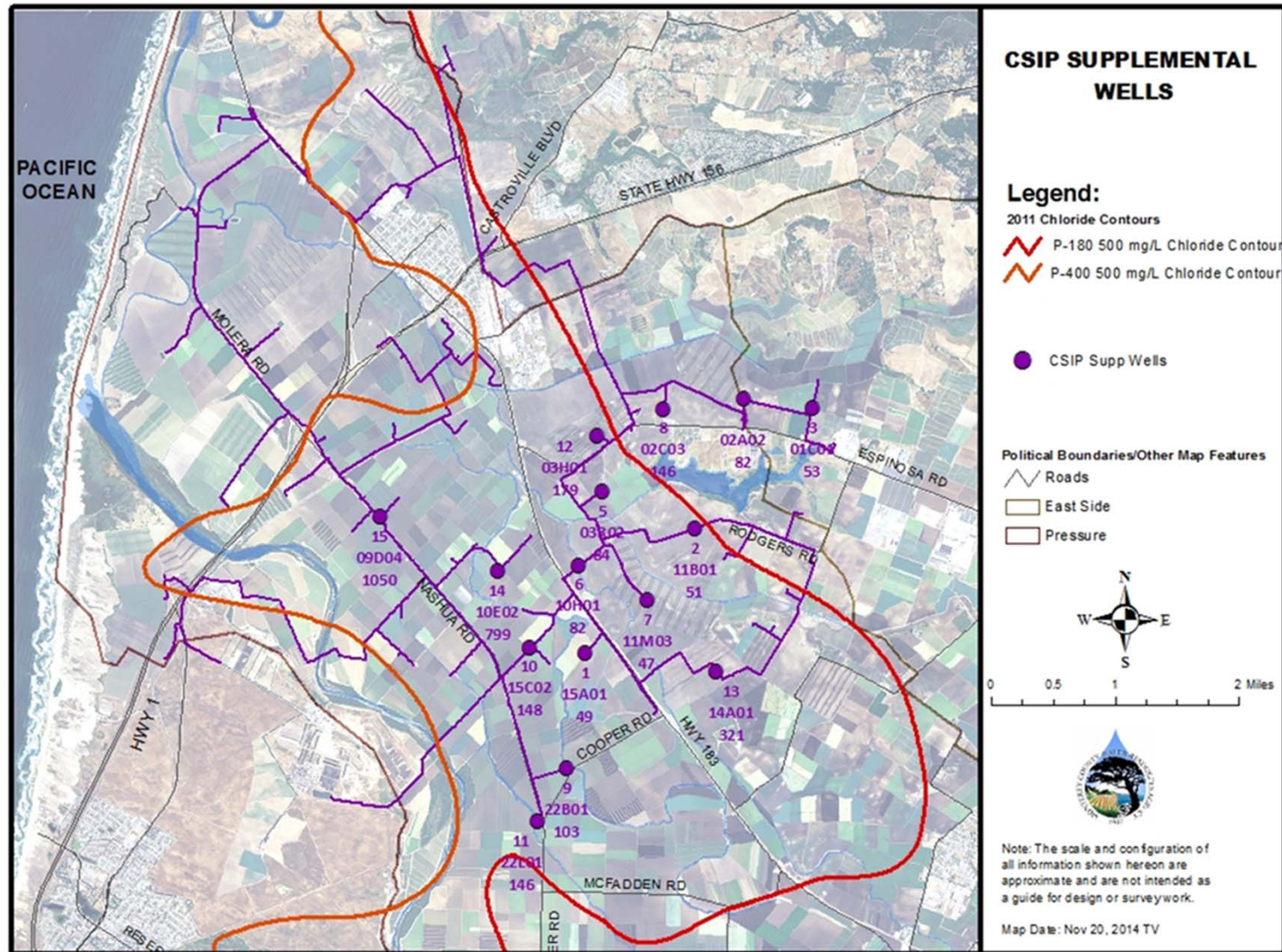
Discussion

- Agency Staff would like to enter into a services agreement with Rain For Rent to install 4,000 L.F. of 10” pipe to allow clean up pumping of New Well No. 2 (9D04).
- New Well No. 2 (9D04) is a CSIP Supplemental Well
- Chloride levels at this well are 1050 mg/L
- Contamination is from P180 aquifer.
- Two patches installed
 - March 2013
 - June 2014



Discussion (cont.)

- CSIP currently has 15 operational supplemental wells
- 1998 there were 21 Supplemental wells
- Chloride levels trended downward during clean up pumping after first patch was installed, until 2nd leak developed.







TODAY'S ACTION

Approve a Professional Services Agreement with Rain For Rent in the Amount of, Not to Exceed, \$31,000 to Allow Pumping of Castroville Seawater Intrusion Project Well 09D04 (New Well No. 2) to Improve Water Quality; and, Authorize the General Manager to Execute the Agreement.







TODAY'S ACTION

Consider Selecting Three Members of the Monterey County Water Resources Agency Board of Directors to Serve on an Ad-hoc Committee with Supervisors Dave Potter and Simon Salinas to Discuss Legislative and Other Issues Related to Water.





Committee Action

- None



Prior BOD/BOS Action

- January 13, 2015 – County BOS created an ad-hoc committee with two BOS members and three BOD members at the BOS meeting.



Financial Impact

- Unknown at this time



Discussion

- Agency in the past has utilized state and federal lobbyists
- Recently, Agency has made use of County lobbyists
- More recently, Agency staff has been given an increased role within the County Legislative Committee



Discussion (cont.)

- Legislative opportunities have increased over the last two years:
 - WR Permit 11043
 - SRSMP
 - Water Bond
 - Interlake Tunnel
 - SGMA

- Ad-Hoc Committee will provide coordination and integration between Agency and County efforts



Discussion (cont.)

- Ad-hoc Committee provides the opportunity to develop and implement a united strategic legislative platform related to water.
- Three BOD members are needed for the committee...



Summary

- County BOS established ad-hoc committee for water-related legislation coordination.
- The need for legislative solutions has increased recently for the Agency.
- Committee provides opportunity for development of an effective legislative water platform.
- Three BOD members are needed...



TODAY'S ACTION

Select Three Members of the Monterey County Water Resources Agency Board of Directors to Serve on an Ad-hoc Committee with Supervisors Dave Potter and Simon Salinas to Discuss Legislative and Other Issues Related to Water.

