



**MONTEREY COUNTY WATER RESOURCES AGENCY
BOARD OF DIRECTORS**

BOARD OF DIRECTORS:

Ken Ekelund, Chair
Claude Hoover, Vice Chair
Silvio Bernardi
David Hart
Fred Ledesma
Richard Ortiz
Mike Scattini
Deidre Sullivan
Vacant

STAFF:

David E. Chardavoine, Interim General Manager
Robert Johnson, Assistant General Manager
Brent Buche, Assistant General Manager
Cathy Paladini, Finance Manager
Wini Chambliss, Clerk to the Board
Patrick McGreal, Deputy County Counsel

April 22, 2013

MINUTES

Director Ekelund convened the Regular Board of Directors Meeting @ 12:03 PM.

Directors Present: Ken Ekelund, Claude Hoover, Silvio Bernardi, David Hart, Richard Ortiz,
Mike Scattini (arrived @ 12:04 PM) and Deidre Sullivan

Directors Absent: Fred Ledesma

A quorum was established.

The Board then adjourned to Closed Session @ 12:04 PM.

1. RECONVENE MEETING/REPORT FROM CLOSED SESSION

The meeting reconvened @ 1:11 PM.

Deputy County Counsel Patrick McGreal indicated there were no reportable actions taken in Closed Session, and that Directors provided direction regarding matters discussed.

2. PLEDGE OF ALLEGIANCE (led by Director Ortiz).

3. PUBLIC COMMENTS

Margie Kay, North County resident, reported approximately 40 volunteers participated in clean-up activities in the Elkhorn Slough, filling a 30- yard dumpster.

4. CONSENT CALENDAR

- A. Approve the minutes for the Regular Board of Directors meetings held on March 25, 2013 @ 1:00 PM
- B. Approve purchase orders/contracts in excess of \$500 for March 2013 and credit card purchases over \$500 in February/March 2013
- C. Receive Report on Salinas Valley Water Conditions for the Second Quarter of Water year 2012-2013

Public Comments: None

ACTION:

Motion and Second by Directors Claude Hoover and Silvio Bernardi to approve the Consent Calendar.

Motion carried unanimously.

5. ACTION ITEMS

- A. Consider approving Benefit Assessment charges for Fiscal Year 2013-2014 for Zones 1, 1A, 8, 9, 12 and 17; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Cathy Paladini, Finance Manager, began with a comprehensive PowerPoint presentation highlighting the Agency's need for COLA increases on assessments.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Is the COLA increase being requested even on funds with a surplus? Should the balance in the funds with surplus be decreased to balance those that are deficient? ***Based on the Ordinances, revenues cannot be shifted between funds. Ad valorem taxes can be used in that manner. However, the Agency's shift to structurally balanced budgeting requires that revenues match expenditures, and seeks to eliminate moving revenues between funds.***
2. Explain the difference between the assessments and the budgeted revenues/expenditures page. ***The first page lists assessments only while the second page includes all other sources of revenue.***
3. The increase should be applied only to the Flood Zones.
4. Essentially, we are underfunding each of the flood zones when one of the two major functions of this agency is flood control.

Public Comments:

Darlene Din, speaking as a Salinas River Channel Coalition representative as well as an Agricultural Land Use Consultant, commented that much of the flood control work and

permitting work is paid by property and landowners along with the Agency. Ms. Din voiced her concern regarding the cumulative costs on all zones should increases be applied.

Margie Kay, North County, voiced her recollection of a COLA increase annually in Zone 2C . She asked if there ever existed a time when there was no increase. Yes. Due to economic woes, COLA increases were not applied. Ms. Kay suggested that future presentations include information regarding the years that COLAs were or were not applied.

ACTION:

Motion and Second by Directors Mike Scattini and Richard Ortiz to approve the Benefit Assessment charges for Fiscal Year 2013-2014 for Zones 1, 1A, 8, 9, 12 and 17; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Motion carried unanimously.

-
- B. Consider approving Fiscal Year 2013-2014 Assessment Rates, Water Delivery and Water Service charges for Zone 2B and Fiscal Year 2013-2014 Assessments for Zones 2Y and 2Z for the Castroville Seawater Intrusion Project and the Salinas Valley Reclamation Project; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Many landowners/property owners pay in several zones. A blanket increase on all funds whether or not there is surplus in the fund causes difficulty. There will be much more of an onus on certain landowners.
2. In regards to 2B reserves, please give us some sense of what the Board has done in regard to reserves. ***Ms. Paladini will provide information at a later date regarding replenishing 2B reserves and fund balance.***
3. Public should keep control of their money and not leave it in control of government.
4. The Board needs a high-level summary of assessments (irrigated water), water service and water delivery charges and the differences among them.
5. The goal is to cover expenses and create a cushion in each of the zones. All zones do not require the 2.4% increase.
6. The Agency needs to engage in many projects that are unsupported by the budget.
7. What is ending projected fund balance for Fund 131? ***\$616,487***
8. It is important to establish a reserve for each fund and possibly use surplus to pay debt down. Ms. Paladini warned that transfers between funds are not allowed. In the past unassigned fund balance has been used to manage deficits. The Agency's goal is to match revenue with expenditures.
9. Without having more information, would support approval only of zones showing deficits.

10. In how many zones can a property owner be? *All of them.*
11. What is the maximum increase for a property owner who is in all zones? *Unknown.*
12. What tasks/projects will not be performed if the CPI is not instituted? *Espinosa booster pump in Zone 2B. The amount for this task approximates the amount of the increase.*
13. It is important that Directors better understand the issues in order to make knowledge-based decisions. Further study of the applicable ordinances will be required in the future.
14. This should be one of the components of the fall Strategic Planning Workshop.

Public Comments:

Darlene Din noted this is a very complicated system yet applauded the Board for their efforts to work through these issues. She stated that in the past, certain geographic areas have been burdened unfairly and that funds were moved where money was already present. Ms. Din voiced the importance of soliciting public input regarding COLA increases. She questioned whether all of the funds had been reimbursed with regard to the failed Regional Desalination Project. General Manager Chardavoyne responded the question was not answered easily. Based on the Settlement Agreement with Cal-Am, the Agency has been forgiven for payment of the Line of Credit Agreement.

ACTION:

Motion and Second by Directors David Hart and Richard Ortiz to approve Fiscal Year 2013-2014 Assessment Rates, Water Delivery and Water Service charges for Zone 2B and Fiscal Year 2013-2014 Assessments for Zones 2Y and 2Z for the Castroville Seawater Intrusion Project and the Salinas Valley Reclamation Project; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Vote:

Ayes **Directors Ken Ekelund, Silvio Bernardi, David Hart and Richard Ortiz**

Noes **Directors Mike Scattini and Deidre Sullivan**

Abstain **Director Claude Hoover**

Motion was carried. (Following the vote, a question arose as to whether four votes constituted a majority. It was agreed that County Counsel would be consulted.)

-
- C. Consider approving Zone 2C Assessment charges for Fiscal Year 2013-2014; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Cathy Paladini, Finance Manager II, briefly reviewed this item briefly as the comprehensive introduction included review of this item.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. With regard to technical compliance issues, where are we now on the milestones? The

Financial Manager's report should include whether the Agency is within the covenants and all actions being taken to achieve compliance along with any penalties. *No answer provided.*

2. Who monitors the Agency's bonds? *Ron Holly at the County.*

Public Comments: None

ACTION:

Motion and Second by Directors Claude Hoover and Richard Ortiz to approve Zone 2C Assessment charges for Fiscal Year 2013-2014; and, recommend adoption to the Monterey County Water Resources Agency Board of Supervisors

Motion carried unanimously.

D. Consider approving the Monterey County Water Resources Agency Well Permit Fee revisions and new fees resulting from the 2010 General Plan Update

Howard Franklin, Senior Hydrologist, reviewed this item stating this will provide revenue for technical support of a Water Resources Agency licensed Professional Geologist to the Monterey County Environmental Health Department's (MCEHD) well construction, reconstruction and destruction permit program.

Well permit fees are defined in the County's "Land Use Master Fee Resolution". The Board is being asked to:

- support amending Monterey County's Master Fee Resolution description of where well construction, reconstruction and destruction permit fees are collected for the Agency to include Zone 2C and areas of Monterey County inclusive of the jurisdiction of the Pajaro Valley Water Management Agency;
- create a new well construction fee for the Agency's technical support to the MCEHD well permit program for evaluation of new domestic wells, county wide, resulting from the implementation of 2010 General Plan Policy;
- and, create a new well construction fee for the Agency's technical support to the MCEHD well permit program for evaluation of new high capacity wells, county wide, resulting from the implementation of 2010 General Plan Policy.

Mr. Chardavoyne complimented Mr. Franklin's staff for creating an additional revenue stream for the Agency.

Public Comments: None

ACTION:

Motion and Second by Directors David Hart and Richard Ortiz to approve the Monterey County Water Resources Agency Well Permit Fee revisions and new fees resulting from the 2010 General Plan Update

Motion carried unanimously.

- E. Consider receiving a report on the CAISO meter installation

Brent Buche, Assistant General Manager – Operations & Maintenance, reviewed this item and provided historical information regarding installation of the meter.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Is the Agency already committed to NMC? General Manager Chardavoyne reported that members of staff recently met with attorneys in Sacramento who indicated there may be a problem with the Definitive Agreement.

Public Comments: None

ACTION:

Motion and Second by Directors Claude Hoover and Deidre Sullivan to receive a report on the CAISO meter installation.

Motion carried unanimously.

- F. Consider ratifying the executed funding Agreement between Monterey County Water Resources Agency and Monterey County re: Pajaro River Bench Excavation Project Phase II

David Chardavoyne, serving as Interim General Manager at the time the Funding Agreement was executed, reviewed this action item. At the last meeting, the Board authorized entering into agreement with Monterey County in substantially the form submitted to the Board of Directors at that time. Several changes were made to the agreement, one of which was material enough to be returned to the Board for further review. The specific additional language is noted below.

No funds will be allocated by the County of Monterey for the purposes of this Agreement until on or after July 1, 2013, and when funding for the Pajaro Bench Excavation Phase II is included in the County Budget for fiscal year 2013-2014.

The Santa Cruz County Board of Supervisors has approved this agreement.

Board Questions/Comments (*Staff responses are emboldened and italicized*):

1. Directors commended General Manager Chardavoyne and staff for completing this agreement.

2. When will invoices be paid, and who will pay them? *The County will not pay invoices until July 1, 2013.*
3. Does Monterey County approve starting work before invoices are received? We believe the answer is yes.

Public Comments:

Margie Kay, North County resident, inquired as to the recipient of the bid, to which staff responded Pavex.

ACTION:

Motion and Second by Directors Claude Hoover and Richard Ortiz to ratify the executed Funding Agreement between Monterey County Water Resources Agency and Monterey County re: Pajaro River Bench Excavation Project Phase II.

Motion carried unanimously.

6. KEY INFORMATION AND CALENDAR OF EVENTS – There were no changes made to the regular meeting schedule.

7. GENERAL MANAGER’S REPORT –

General Manager David Chardavoyne reported on the following:

- a) Water Right Permit 11043 Proposed Revocation – The committee has met twice and the proposed revocation hearing has been scheduled for August 13 – 15, 2013.
- b) Salinas River Stream Maintenance – The Public Hearing was held on Thursday, April 18, 2013 and the comments provided therein are being assembled. Attendance was light with not much discussion on the DEIR. Members of The Nature Conservancy were present. We do anticipate receiving more substantive written comments.
- c) Attendance at a Cal-Am Salt Management Task Force meeting – The meeting included staff from the Monterey Peninsula Water Management District, Monterey Regional Water Pollution Control Agency and various other parties re: reducing salt in the wastewater and how that can be accomplished. Meetings have also been held to discuss the Settlement Agreement with Cal-Am.
- d) Agency Personnel Matters – During an All Hands meeting, staff was given the High Performance Organization presentation the Board of Directors received at the Strategic Planning session. Additionally, staff met with Central Human Resources regarding staff’s completion of core competencies established by the Board of Supervisors. These competencies include the seven habits of successful manager; performance management and progressive discipline; and customer service. In addition, a meeting was held with the new Director of Central Human Resources regarding Agency positions – beginning with executive management positions.
- e) Met with CAO & Risk Management re: Fuel Spill Reimbursement – check is in the mail (\$335,000). We will receive a check for \$255,000 and must provide more information regarding the balance of the money. Should we cash the check? Staff is confident we will be totally reimbursed. IGM indicated the issue is important as the amount included staff time (direct labor) and associated labor overhead charges.

- f) Performance Indicator meeting this month – would like to provide presentation to Board and BOS on Performance Indicators.
- g) Water Managers’ Lunch last week – sharing of common issues and opportunities
- h) Salinas Valley Water Coalition Barbecue on Wednesday – will discuss the budget at that meeting.

Public Comments: None

8. COMMITTEE REPORTS

Finance Committee Chair Claude Hoover commended Finance Manager Cathy Paladini and Agency staff for the progress being made with respect to financial matters/reporting as well as the proactive approach with County staff regarding changes made to Board-approved items.

Reservoir Operations Committee Chair David Hart reported the Reservoir Release Schedule will be finalized at the May committee meeting.

9. INFORMATION ITEMS – Directors had no questions/comments regarding the items submitted.

10. CORRESPONDENCE – Directors had no comments on submitted Correspondence.

11. BOARD OF DIRECTORS’ COMMENTS

Chair Ken Ekelund announced an annual event designated as Snapshot Day that will occur May 4, 2013. During this event, volunteers perform water samplings throughout Monterey County. Mr. Ekelund also reported his participation in the Steelhead Association’s first rescue of the year when seven steelhead were caught via electrofishing and relocated.

12. ADJOURNMENT

The meeting was adjourned @ 3:38 PM.

SUBMITTED BY: Wini Chambliss

APPROVED ON: May 20, 2013

Wini Chambliss, Clerk to the Board