

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

**FINANCE COMMITTEE**

**COMMITTEE MEMBERS**

Claude Hoover (Chair)  
David Hart

Ken Ekelund  
John Huerta

**TIME:** 10:00 a.m.  
**DATE:** Friday, January 16, 2015  
**PLACE:** Monterey County Water Resources Agency  
893 Blanco Circle  
Salinas, CA 93901

**MINUTES**

1. **Call Meeting to Order @ 10:00 a.m. by Committee Chair, Claude Hoover**  
Members Present: Ken Ekelund, Claude Hoover and David Hart  
Members Absent: John Huerta

A quorum was established.

2. **Public Comment**

John Bailey commented that it doesn't look good for the Nacimiento power plant in that there will be minimal usage. The fund projections need to be scrutinized better and adjusted accordingly. He noted that an opportunity for cloud seeding was missed in December 2014. He stated that the agency cannot lose funding for cloud seeding because of its potential use for water for the next year. He commented that he would like to see the General Manager and the Board of Directors provide the County Board of Supervisors with a paper stating that the county is in a drought thereby giving the Board of Supervisors the ability to mandate water usage.

3. **Approve the Minutes of the Finance Committee Meeting held on October 10, 2014 and December 12, 2014.**

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee approved the Minutes.**

4. **Consider receiving the October 2014 Financials for the Castroville Seawater Intrusion Project/Salinas Valley Reclamation Project, and the Salinas River Diversion Facility.**  
Mark Foxworthy, Water Resources Engineer, reviewed the Financials for the CSIP/SVRP/SRDF. There was an emergency repair to the CSIP pipeline and Staff will provide an update when available.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the report.**

**5. Consider receiving the October 2014 Financials for all Agency Funds.**

Cathy Paladini, Finance Manager, reviewed the October 2014 Financials for all Agency Funds. She noted that the year-to-date revenue is \$2,651,971 and year-to-date expenditures are \$6,606,853. Neither the Cal Am reimbursement nor the insurance reimbursement has come in yet.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the October 2014 Financials for all Agency Funds.**

**6. Consider approving Purchase Orders/Contracts/Credit Card Purchases in excess of \$500.**

Cathy Paladini, Finance Manager, reviewed purchase orders/contracts/credit card purchases in excess of \$500.

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee approved the Purchase Orders/Credit Card Purchases in excess of \$500.**

**7. Consider receiving the July 2013 – September 2014 Board of Directors Fees and Mileage Report and the July 2013 – September 2014 Travel, Training & Food Expenses Report**

Cathy Paladini, Finance Manager, reviewed the reports.

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee received the July 2013 – September Board of Directors Fees and Mileage Report and the July 2013 – September Travel, Training & Food Expenses Report**

**8. Consider recommending for approval by the full Board 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.**

Cathy Paladini, Finance Manager, reviewed the proposal. She noted that 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 review. He subsequently made several recommendations that would provide a clear trail of how money is allocated. Goodman recommended that Funds 114, 115, 130 and 134 be categorized as either a proprietary or general fund. The Agency recommendation is to categorize these funds into a general fund.

Committee Chair Claude Hoover suggested that the Auditor-Controller's Office recommend the changes and present a letter to the Committee stating such.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the proposal and recommended that the full Board recommend approval by the Board of Supervisors 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.**

9. **Consider recommending for approval by the full Board 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 Agency to levy such proposed charges effective July 2015.**

Cathy Paladini, Finance Manager, presented the item to the Committee. She noted that the fees had been created separately for each project but were not revisited after the SRDF began operation. She stated that one methodology should be used for the entire system and be based on the SRDF Engineer's Report. She presented two scenarios, one of which included fish monitoring costs and one did not. The Committee expressed concern regarding Prop. 218 requirements addressing changes in services charges, to which staff responded that County Counsel was reviewing that issue.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the proposal and recommended that the full Board 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, authorizing the Agency to levy such proposed charges effective July 2015.**

10. **Consider recommending for approval by the full Board 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.**

Mark Foxworthy, Water Resources Engineer, presented this item to the Committee. He noted that the Castroville Seawater Intrusion Project is supplied power on 64 individual accounts at an annual cost of approximately \$316,000. UCM would review all CSIP utility charges to ensure that the appropriate rates for electricity are charged. Should overcharges be discovered, UCM would file for any refunds due MCWRA and rate changes to those accounts not properly charged.

He stated that there is no upfront cost for this service. Payment for UCM's services would be 42% of any refund due Monterey County Water Resources Agency (MCWRA) and 42%

of any cost savings going forward over the following three years. He emphasized that UCM does not change any practices but only reviews the utility charges and there is minimum risk to the Agency.

The Committee members expressed concern over the “late payment charge” clause in the agreement and asked that it be either removed or negotiated as the County has a payment schedule that may not coincide with UCM’s schedule. Staff will follow up on this request.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the proposed Agreement and recommended that the full Board approve the 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.**

11. **Consider receiving information of Agency Staffs’ plan to bring an action item to appropriate emergency repair reserves from Fund 132 (SVRP) in the amount of \$76,000 dollars before the next Board of Directors meeting, for the purpose of allowing MWRPCA to make emergency repairs to the standby transfer pump and standby transfer pump power supply.**

Mark Foxworthy, Water Resources Engineer, presented this item to the Committee. He noted that the emergency repair reserve is actually \$100,000 instead of the \$76,000 as stated in the report. Repairs to a standby transfer pump is estimated to cost \$30,000 and the cost of the replacement of a transfer pump electrical supply line is \$46,000, with an additional amount of \$24,000 to be held as a contingency. The Monterey Regional Wastewater Pollution Control Agency will coordinate and oversee the repairs.

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee received the report.**

12. **Consider recommending for approval by the full Board 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.**

Mark Foxworthy, Water Resources Engineer, presented the item to the Committee. He noted that the agreement is for the rental of 4,000 linear feet of pipe. Because of a high chloride concentration in New Well No. 2, pumping is required and a temporary pipe is needed to convey the well water to the proposed discharge point in the Tembladero Slough. The estimated pumping duration required is one to two months. He noted that the agreement amount may increase to \$34,000 if “prevailing wage” calculations are mandated.

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee received the proposed agreement and recommended that the full Board approve the 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) in improve water quality; and, authorize the General Manager to execute the Agreement.**

**13. Set next meeting date and discuss future agenda items.**

The next meeting will be held on February 13, 2015 at 10:00 a.m. The Committee will would like to discuss cloud seeding.

**14. ADJOURNMENT**

The Committee adjourned at 12:15 p.m.

Submitted by: Alice Henault

Approved on: February 13, 2015