

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

**FINANCE COMMITTEE**

**COMMITTEE MEMBERS**

Claude Hoover (Chair)  
David Hart  
Ken Ekelund  
Richard Ortiz

**TIME:** 10:00 a.m.  
**DATE:** Friday, January 17, 2014  
**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: Claude Hoover, David Hart, Richard Ortiz

Members Absent: Ken Ekelund

A quorum was established.

**2. Public Comment**

None

**3. Agency Cost Allocation Related to General Liability and Other Related Risk Management Services**

This item was removed from the Agenda as Mr. Steve Mauck was unable to attend the meeting.

**4. Approve the Minutes of the Finance Committee Meeting held on November 15, 2013**

**Committee Action:**

**Upon Motion made by Committee Member Dave Hart and seconded by Committee Member Richard Ortiz, the Committee approved the November 15, 2013 Finance Committee Minutes.**

**5. Receive the November 2013 Financials for the Castroville Seawater Intrusion Project/Salinas Valley Reclamation Project, and the Salinas River Diversion Facility.**

Chris Moss, Water Resources Engineer, reviewed the Financials through November 30, 2013 for the CSIP/SVRP/SRDF. All information is current.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee received the November 30, 2013 Financials for the Castroville Seawater Intrusion Project/Salinas Valley Reclamation Project and the Salinas River Diversion Facility.**

**6. Receive the November 2013 Financials for all Agency Funds.**

Cathy Paladini, Finance Manager, reviewed the November 2013 Financials for all Agency Funds. She noted that the current actual unassigned reserves are \$14,246,180. Year-to-date revenues are at \$1,943,856. Estimated remaining revenue is at \$20,276,874. This includes ad valorem taxes, assessments, water delivery, development, hydroelectric, annexation fees and other revenue, but does not include the Cal-Am or insurance reimbursements as they are not as yet realized.

The Committee asked that a summary be provided showing annual revenue v. one-time revenue infusions. Staff is currently working on several unbudgeted programs such as Permit No. 11043.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee received the November 2013 Financials for all Agency Funds.**

**7. Approve Purchase Orders/Contracts/Credit Card Purchases in excess of \$500.**

Cathy Paladini reviewed the purchase orders/contracts/credit card purchases.

**Committee Action:**

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

**8. Consider receiving information on the Water Resources FY 2013-14 financial status of unanticipated expenditures and one-time infusions.**

Cathy Paladini reviewed the Water Resources FY 2013-14 financial status. She noted that the Agency received lower than anticipated Hydroelectric revenue due to the plant shut down for turbine repair. The Agency is expected to continue working on two unfunded projects, Water Rights Permit 11043 and the Salinas River Management Program, both of which strain Fund 111 which is reimbursed by all Agency Funds. The FY 2013-14 Budget does not include these unanticipated expenses or potential one-time infusions. If no funding stream is identified for FY 2014-15 these unfunded projects will diminish the labor hours that support other budgeted project work performed by the Agency.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee received the information on the Water Resources FY 2013-14 financial status of unanticipated expenditures and one-time infusions.**

9. **Consider approving an Agreement for Professional Services with Power Systems Professionals, Inc. (dba ‘Power Pros’) in the amount of \$57,170, for engineering services and operations training at the Nacimiento hydroelectric plant; and, authorizing the General Manager to execute the Agreement.**

Chris Moss, Senior Water Resources Engineer, reviewed the Professional Services Agreement. He noted that the correct amount of the contract is \$60,670 instead of \$57,170 due to a higher cost of Task 3: Unit 1 Turbine Index Test and Travel and Living Expenses. Site Constructors, Inc. and their various subcontractors completed repairs at the Nacimiento hydroelectric plant such that its operation began August 30, 2013. The subcontractor that performed preventive maintenance work, start-up testing and commissioning of the hydroelectric plant was Power Pros. In addition to preventive maintenance work, start-up testing and commissioning, Power Pros was also to perform a power plant arc-flash study, plant personnel operations training, and Unit 1 Turbine Index Test.

If Power Pros remains a subcontractor under the Site Constructors, Inc. contract, that contract must remain open, and retention from prior payment held until the work is completed. In order to allow the contract with Site Constructors, Inc. to be closed out, it is proposed to contract directly with Power Pros for their remaining work.

Work performed by Power Pros under this proposed contract is not emergency repair related and thus not insurance reimbursable. Services under this contract, if approved, will be paid from hydroelectric plant operations and maintenance Fund 130.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee recommended that the Board of Directors approve an Agreement for Professional Services with Power Systems Professionals, Inc. (dba “Power Pros”) in the amount of \$60,670, for engineering services and operations training at the Nacimiento hydroelectric plant; and, recommended authorizing the General Manager to execute the Agreement.**

10. **Consider approving Amendment No. 1 to the Professional Services Agreement with FISHBIO in the amount of \$237,000 to provide fisheries monitoring work in support of the Salinas Valley Water project through June 20, 2014; and, authorizing the General Manager to execute the Amendment.**

Elizabeth Krafft, Senior Water Resources Hydrologist, reviewed the Professional Services Agreement. She noted that the Funding Source was noted incorrectly on the report. It should be Fund 115, not Fund 116.

On August 27, 2012 the Board of Directors approved a professional services agreement with FISHBIO in the amount of \$382,623 to provide fisheries monitoring work in support of the Salinas Valley Water Project.

Fish monitoring conditions exist in the various permits required for the Salinas Valley Water Project. The Agency performs much of the required monitoring in house however consultant assistance is needed for three components relating to the life cycle monitoring of steelhead trout.

Amendment No. 1 is needed to allow the fisheries monitoring work required in the National Marine Fisheries Service’s Biological Opinion for the SVWP to continue until the end of the

2013/2014 fiscal year. With the addition of Amendment No. 1, the contract total will be \$619,623. It is anticipated that a new contract based on the current Request for Proposal process will be implemented for July 1, 2014 to June 30, 2015 to allow the contract period to track with the Agency's fiscal year.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee recommended that the Board of Directors approve Amendment No. 1 to the Professional Services Agreement with FISHBIO in the amount of \$237,000 to provide fisheries monitoring work in support of the Salinas Valley Water project through June 20, 2014; and, recommended authorizing the General Manager to execute the Amendment.**

**11. Consider receiving projected costs for implementing the short-term Salinas River Stream Maintenance Program**

Cathy Paladini, Finance Manager, reviewed the projected costs. The Agency must comply with many conditions set forth by both the US Army Corp of Engineers and other Federal regulatory agencies regarding the Endangered Species Act. In addition, the State Regional Water Quality Control Board is responsible for ensuring compliance with the Clean Water Act by issuing a 401 Water Quality Certification. Both have resulted in numerous monitoring and reporting conditions that the Agency must comply with.

The Agency administration responsibilities were on an annual basis. Implementation of the program ranged from \$125,000 to \$300,000 annually. The total cost to the Agency of each previous program was approximately \$845,000 for the 1997-2001 permit and \$1,460,000 for the 2003-2008 permit.

The proposed Salinas River Stream Maintenance Program (SRSMP) is in the CEQA phase of the project. The Final EIR has been prepared but has yet to be certified. Once it is approved and certified, staff can begin preparing all necessary documents to complete the USACE 404 permit and submit the application. Then the NEPA process begins with the USACE as Lead Agency. Additional items must be completed prior to implementation of the proposed program such as: preparation of a Biological Assessment, Wetland Delineation, NEPA Document, Biological Opinions from NOAA National Marine Fisheries Service and U.S. Fish and Wildlife Service, and acquisition of all necessary permits. These activities will be an annual cost of approximately \$300,000 for one or more years. The Agency has spent approximately \$1,400,000 on this new program thus far.

Program implementation will require more work and Agency involvement than the previous Channel Maintenance Program. The estimated annual cost of implementing this program will be \$400,000 for approximately 5 to 6 years (depending on permit length). This will include MCWRA staff coordinating with each program applicant to develop an annual work plan, site inspections, provide annual training on methods and species of concern, compliance documentation and other required reports. This is a higher cost than the previous programs due in part to the additional requirements that the Agency will have to perform. The specific requirements are still under coordination.

It was noted that other entities have come forward with their own plans to implement stream maintenance activities. These proposals are still in the development phase but may require a

similar level of MCWRA involvement as the proposed program. Coordinating multiple smaller projects are estimated to cost as much as a larger project. Those estimates are not yet available. The goal of these alternative projects is that they could be started sooner than the proposed SRSMP.

A discussion ensued wherein the question was raised of where the funding was going to come from to implement the Program. General Manager, David Chardavoine, commented that the Agency is continuously being asked to add more activities such as the Water Study without funding to pay for the activity. The Committee stated that it should meet with the Board of Supervisors to determine, from a risk point of view, the priorities of these projects.

**Committee Action:**

**Upon Motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart, the Committee received this item and recommended that it be forwarded to the Board of Directors for further discussion.**

12. **Consider recommending that the Monterey County Water Resources Agency Board of Directors approve an Amendment to Monterey County's Master Fee Resolution to update land use fee descriptions, levy a new fee to reimburse the Agency for technical review and evaluation of hydrogeologic reports, and recommend that the Monterey County Water Resources Agency Board of Supervisors approve the Amendment.**

Committee Member Ken Ekelund, recused himself because of a potential project he is involved in.

Rob Johnson, Assistant General Manager, reviewed the Amendment. He noted that the Monterey County land use departments, including the Monterey County Water Resources Agency, are proposing to amend certain land use fee descriptions and to levy fees for additional mandated services contained within Monterey County Land Use Master Fee Resolution Document. Updates to this document are being developed by Monterey County Resource Management Agency. These updates will go to the County Board of Supervisors on January 28, 2014.

The proposed amendments include levying a new fee to support determination of project specific long term sustainable water supply (2010 General Plan Policy 3.2). The proposed fee to be collected is the Extraordinary Development Application Fee, consisting of a \$7,318.75 deposit, which will be charged hourly on hydrogeologic report review and evaluation. This fee will apply to new development, subject to the criteria described in PS-3.1, for which a discretionary permit is required, and that will use or require the use of water.

**Committee Action:**

**Upon Motion made by Committee Member Richard Ortiz and seconded by Committee Member David Hart, the Committee recommends that the Monterey County Water Resources Agency Board of Directors approve an Amendment to Monterey County's Master Fee Resolution to update land use fee descriptions, levy a new fee to reimburse the Agency for technical review and evaluation of hydrogeologic reports, and recommend that the Monterey County Water Resources Agency Board of Supervisors approve the Amendment.**

13. **Consider recommending that the Monterey County Water Resources Agency Board of Directors approve the legal services agreement with Downey Brand Attorneys, LLP, in an amount not to exceed \$200,000, for legal services to be performed under this contract that consist of tasks related to the implementation of State Water Resources Control Board (SWRCB) Permit #11043, in compliance with conditions required to maintain Permit #11043; and, authorize the General Manager to execute the Agreement.**

Rob Johnson, Assistant General Manager, reviewed the Agreement. He noted that the initial legal agreement with Downey Brand Attorneys, LLP, was in the amount of \$100,000. With Downey Brand's assistance, a Settlement Agreement with the SWRCB was negotiated and approved, granting the Agency Water Rights Permit #11043. Certain milestones were set forth by the SWRCB requiring strict adherence by the Agency to retain and maintain the permit and the water allocated to it. Amendment No. 1, approved on June 24, 2013 in the amount of \$250,000, provided for additional specialized legal support to assist in the development of a strategy to move forward, using the set of milestones established by the SWRCB in the Settlement Agreement.

Amendment No. 2 was approved by the Board of Directors on September 30, 2013 in the amount of \$50,000 for legal services in connection with Water Rights Permit #11043 for a total budget as amended not to exceed four hundred thousand dollars (\$400,000.00).

The Agency will utilize the services of Downey Brand to implement the steps related to developing a Notice of Preparation (NOP), creating a financing plan, and beginning to draft an Environmental Impact Report (EIR).

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund, the Committee recommends that the Monterey County Water Resources Agency Board of Directors approve the legal services agreement with Downey Brand Attorneys, LLP, in an amount not to exceed \$200,000, for legal services to be performed under this contract that consist of tasks related to the implementation of State Water Resources Control Board (SWRCB) Permit #11043, in compliance with conditions required to maintain Permit #11043; and, authorize the General Manager to execute the Agreement.**

14. **Consider recommending that the Monterey County Water Resources Agency Board of Directors approve a professional services agreement with Balance Hydrologics, Inc., in the amount of \$50,237, to analyze dry weather drainage and propose feasible alternatives to improve Carr Lake drainage; and, authorize the General Manager to execute the Agreement.**

Manuel Quezada, Senior Water Resources Engineer, reviewed the Agreement. He noted Carr Lake Pump Station Evaluation Project was included in the approved FY 2013-14 budget in the amount of \$100,000.

Gabilan and Natividad Creeks, and the Reclamation Ditch drain into Carr Lake and collect at a low-point referred to as the "four corners". Development of the upper sub-watersheds has increased non-winter flows impacting farming operations. The topography of the lake creates ponding conditions and inhibits the ability to drain low-flows into the mainstream of the Reclamation Ditch. A survey of the channel inverts and low-flow data will be required to better understand the dynamics of the system and to develop alternatives.

The Agency solicited proposals from thirteen local and qualified engineering firms. Three proposals were received: Balance Hydrologics, Inc., Fall Creek Engineering, Inc., and Schaaf & Wheeler Consulting Civil Engineers. Staff reviewed each of the submitted proposals and conducted phone interviews and determined all three firms were well-qualified and knowledgeable with Carr Lake' function. Balance Hydrologics, Inc. provided the lowest bid amount. Staff recommended that the Board of Directors enter into an agreement with Balance Hydrologics, Inc. to conduct the analysis.

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund, the Committee recommends that the Monterey County Water Resources Agency Board of Directors approve a professional services agreement with Balance Hydrologics, Inc., in the amount of \$50,237, to analyze dry weather drainage and propose feasible alternatives to improve Carr Lake drainage; and, authorize the General Manager to execute the Agreement.**

**At this time Staff requested that an additional item be added to the Agenda:**

**Receive and accept the Monterey County Water Resources Agency (MCWRA) Quarterly Financial Status Report through December 2013.**

**Committee Action:**

**Upon Motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund, the Committee added this item to the Agenda.**

**15. Receive and accept the Monterey County Water Resources Agency (MCWRA) Quarterly Financial Status Report through December 2013.**

Cathy Paladini, Finance Manager, provided information regarding this item. She noted that the Agency has received 51% of its annual ongoing revenues which include receipts from Ad Valorem taxes, assessments fees, development/other fees, and water delivery revenue. Hydroelectric revenue was budgeted at \$1,288,000. However, due to the plant shut-down for repairs, revenue is now estimated at \$150,000.

Expenditures for Agency funds are anticipated to remain within the authorized appropriation limit. In August 2013, an approved Budget Amendment authorized the transfer of \$810,000 from the Hydro Stabilization Reserve Fund 111 to the hydroelectric Operations Fund 130 for hydroelectric turbine repairs. Expenditures in FY 2013-14 through December for the repairs totaled \$827,094, excluding labor. The repairs were completed on September 9, 2013.

Insurance reimbursement received to date \$144, 207, and receipt, and receipt of the remaining balance is expected in FY 2013-14.

**Committee Action:**

**Upon Motion made by Committee Member Richard Ortiz and seconded by Committee Member Dave Hart, the Committee received the Monterey County Water Resources Agency (MCWRA) Quarterly Financial Status Report through December 2013 and recommended that it be forwarded to the Board of Directors for further discussion.**

**16. SET NEXT MEETING DATE AND DISCUSS FUTURE AGENDA ITEMS**  
The next meeting date and future agenda items were not discussed.

**17. ADJOURNMENT**  
The Committee adjourned at 12:15 p.m.

Submitted by: Alice Henault

Approved on: February 14, 2014