

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

Claude Hoover (Chair)
Ken Ekelund
David Hart
Richard Ortiz

TIME: 10:00 a.m.
DATE: Friday, January 18, 2013
PLACE: Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901
(831) 755-4860

MINUTES

1. **CALL MEETING TO ORDER @ 10:00 a.m. by Committee Chair Claude Hoover**
Members present: Claude Hoover, David Hart, Ken Ekelund, Richard Ortiz
Member absent: None

At this time Cathy Paladini was introduced to the Finance Committee as the Agency's new Finance Manager.

Also at this time an emergency item was added to and read into the Minutes of the Finance Committee Meeting Agency as Item No. 14:

CONSIDER CONTINUING THE ANNUAL JOIN FUNDING AGREEMENT WITH THE UNITED STATES GEOLOGICAL SURVEY FOR STREAM GAGING WORK IN MONTEREY COUNTY IN THE AMOUNT OF \$233,900; AND, AUTHORIZE THE CHAIR TO EXECUTE THE JOINT FUNDING AGREEMENT FOR WATER YEAR 2012 - 2013.

COMMITTEE ACTION: Upon motion made by Committee Member Ken Ekelund and seconded by Committee Member Dave Hart the Committee approved the addition of the emergency item as Item No. 14 of the Finance Committee Agenda.

2. **PUBLIC COMMENT**
None
3. **APPROVE THE MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON NOVEMBER 16, 2012**

COMMITTEE ACTION: Upon motion made by Committee Member Richard Ortiz and seconded by Committee Member David Hart the Committee approved the November 16, 2012 Finance Committee Meeting Minutes.

4. RECEIVE THE NOVEMBER 2012 FINANCIALS FOR THE CASTROVILLE SEAWATER INTRUSION PROJECT/SALINAS VALLEY RECLAMATION PROJECT AND SALINAS RIVER DIVERSION FACILITY

Chris Moss, Senior Water Resources Engineer, reviewed the November 2012 financials for the CSIP/SVRP and SRDF. In addition he reviewed the Utility Summaries. He noted that there was nothing unusual to report.

COMMITTEE ACTION: Upon motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the November 2012 financials for the CSIP/SVRP and SRDF.

RECEIVE THE NOVEMBER 2012 FINANCIALS FOR ALL AGENCY FUNDS

Peggy Schoolfield, Accountant III, reviewed the November financials for all Agency funds. She noted that there was nothing unusual to report. The Committee requested and received clarification on a couple of the line-items of the report.

COMMITTEE ACTION: Upon motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee received the November 2012 Financials for all Agency funds.

6. RECEIVE THE REFURBISHING UPDATE REPORT

Wini Chambliss, Human Resources Manager, indicated that painting, carpeting and roofing activities are complete. Staff has settled into their new environments and most boxes have been unpacked. The Monterey County Office of Education funded the painting, carpeting and roofing expenditures while the Agency was responsible for all ancillary costs. Most ancillary costs were within budget while a couple of line-items came in slightly above their estimate.

COMMITTEE ACTION: Upon motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee received the refurbishment update.

7. APPROVE PURCHASE ORDERS/CONTRACTS AND CREDIT CARD PURCHASES IN EXCESS OF \$500

Peggy Schoolfield reviewed purchase orders/contracts and 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/contracts and credit card purchases in excess of \$500.

8. CONSIDER RECOMMENDING APPROVAL OF BUDGET REVISION NO. 3 TO AUTHORIZE THE AUDITOR-CONTROLLER TO AMEND THE MONTEREY COUNTY WATER RESOURCES AGENCY'S FY 2012-13 BUDGET FOR VARIOUS FUNDS DUE TO TIMING DIFFERENCES OF EXPENDITURES BETWEEN FY 2011-12 AND FY 2013-13 AND CONTINGENCIES FOR HIGHER USBR LOANS INTEREST

Peggy Schoolfield presented this item for consideration by the Committee. She noted that the purpose of Budget Revision No. 3 is to adjust expenditures in Funds and Programs to set aside additional amounts that are required due to timing differences in expenditures and variable interest contingency amounts for the USBR loan payments that may be needed.

In the past the Agency set aside estimate ending unassigned fund balances for the Budget. This policy was changed for the FY 2012-13 Budget and the County CAO reduced the Agency's budgeted appropriations by the estimated 6/30/2013 unassigned fund balance prior to approval by the Board of Supervisors.

The Committee commented that the County must follow the Agency Act. Any policy changes should come back to the Agency Board of Directors after budget policy decisions or changes are made by the County CAO. The Committee asked that this issue be addressed at the Joint Board Leadership meeting.

COMMITTEE ACTION: Upon motion made by Committee Member David Hart and seconded by Committee Member Ken Ekelund the Committee recommended approval of Budget Revision No. 3 to authorize the Auditor-Controller to amend the Monterey County Water Resources Agency's FY 2012-13 Budget for various funds due to timing differences of expenditures between FY-2011-12 and FY 2012-13 and contingencies for higher USBR loans interest.

9. CONSIDER RECOMMENDING APPROVAL OF A BUDGET AMENDMENT TO THE BOARD OF SUPERVISORS TO AUTHORIZE THE AUDITOR-CONTROLLER TO AMEND THE MONTEREY COUNTY WATER RESOURCES AGENCY'S FISCAL YEAR 2012-2013 FUND 111 (ADMINISTRATION FUND) BUDGET TO RECOGNIZE THE UTILIZATION OF FUNDS HELD IN THE CANYON DEL REY IMPROVEMENT RESERVE.

a. INCREASE APPROPRIATION IN FUND 111 (ADMINISTRATION), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA001, ACCOUNT 6835 (OTHER SPECIAL DEPARTMENTAL EXPENSE) BY \$60,000 (4/5TH VOTE REQUIRED) AND,

b. DECREASE CANYON DEL REY IMPROVEMENT RESERVE IN FUND 111 (ADMINISTRATION FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA001, ACCOUNT 3066 (OTHER RESERVES) BY \$60,000, (4/5TH VOTE REQUIRED)

Rob Johnson, Acting Assistant General Manager/Chief of Water Resources Planning, presented this item for consideration by the Committee. He noted that the Agency and District have joint responsibility for managing the water resources of the Canyon Del Rey Creek watershed which flows along Highways 68 and 218 from upstream of Laguna Seca into Monterey Bay.

The Canyon Del Rey Master Drainage Plan, completed in 1977, included hydrologic and hydraulic analyses. It made recommendations for future improvements to protect developed areas and roads from flooding by a 100-year recurrence interval storm. Significant changes have occurred in the watershed since 1977 including development of residential and commercial property along the two highways.

The Board approved the previous reimbursement agreement in 2007. Thereafter the District secured \$215,800 in grant funding from the California Department of Water Resources which will allow for a more comprehensive update of the Canyon Del Rey Master Drainage Plan.

Under the updated reimbursement agreement, the Agency will provide up to \$60,000 in cash to the District for consultant costs and the District will provide \$12,000 in in-kind services. This satisfies the 25% local match grant requirement for a \$287,800 project.

The Agency will use a portion of the development charges collected since 1977 to reimburse the District for consultant costs up to \$60,000, and reimbursement will be subject to an Agency finding that deliverables for each subtask have been completed satisfactorily. The project will be funded from Fund 111 – Reimburse Other Government Agencies.

COMMITTEE ACTION: Upon motion made by Committee Member David Hart and seconded by Committee Member Richard Ortiz the Committee recommended approval of a budget amendment to the Board of Supervisors to authorize the Auditor-Controller to amend the Monterey County Water Resources Agency's Fiscal Year 2012-2013 Fund 111 (Administration Fund) Budget to recognize the utilization of funds held in the Canyon Del Rey Improvement Reserve,.

- a. Increase appropriation in Fund 111 (Administration), Dept. 9300, Unit 8267, Appropriation Unit WRA001, Account 6835 (Other Special Departmental Expense) by \$60,000 (4/5th vote required) and,
- b. Decrease Canyon Del Rey Improvement Reserve in Fund 111 (Administration Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA001, Account 3066 (Other Reserves) by \$60,000, (4/5th vote required).

10. **CONSIDER RECOMMENDING APPROVAL OF A BUDGET AMENDMENT TO AUTHORIZE THE AUDITOR-CONTROLLER TO AMEND THE MONTEREY COUNTY WATER RESOURCES AGENCY'S FISCAL YEAR 2012-2013 BUDGET AUTHORIZING A \$100,000 TRANSFER FROM FUND 114 (NACIMIENTO NON-O&M FUND) TO FUND 113 (COUNTYWIDE FUND) TO COVER INCREASED LABOR CHARGES AND A \$100,000 FROM FUND 116 (ZONE 2C DAM OPERATIONS FUND) TO PARTIALLY COVER UNBUDGETED REPAIRS AT THE NACIMIENTO DAM. DECREASE THE BUDGETED TRANSFER FROM FUND 114 (NACIMIENTO NON-O&M FUND) TO FUND 134 (SALINAS RIVER DIVERSION FACILITY) BY \$200,000. APPROPRIATE AN ADDITIONAL AMOUNT OF \$89,000 TO COVER FUND 116 EMERGENCY REPAIRS FINANCED BY AVAILABLE UNASSIGNED FUND BALANCE.**

- a. **INCREASE APPROPRIATION IN FUND 113 (COUNTYWIDE FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA003, ACCOUNT 6835 (OTHER SPECIAL DEPARTMENTAL EXPENSE) BY \$100,000 (4/5TH VOTE REQUIRED) , AND**
- b. **INCREASE ESTIMATED REVENUES IN FUND 113 (COUNTYWIDE FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA003, ACCOUNT 5940 (OPERATING TRANSFERS IN) BY \$100,000 (4/5TH VOTE REQUIRED) , AND**
- c. **INCREASE APPROPRIATION FUND 116 (ZONE 2C OPERATIONS FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA006, ACCOUNT 6613 (OTHER PROFESSIONAL AND SPECIAL SERVICES) BY \$189,000, OF WHICH \$89,000 IS FINANCED BY AVAILABLE UNASSIGNED FUND BALANCE ACCOUNT 3100 (4/5TH VOTE REQUIRED) , AND**
- d. **INCREASE ESTIMATED REVENUES IN FUND 116 (ZONE 2C OPERATIONS FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT**

WRA006, ACCOUNT 5940 (OPERATING TRANSFERS IN) BY \$100,000 (4/5TH VOTE REQUIRED) , AND

- e. DECREASE ESTIMATED REVENUES IN FUND 134 (RIVER DIVERSION FACILITY FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA028, ACCOUNT 5940 (OPERATING TRANSFERS IN) BY \$200,000 FINANCED BY AVAILABLE UNASSIGNED FUND BALANCE ACCOUNT 3100. (4/5TH VOTE REQUIRED)**

Rob Johnson presented this item for consideration by the Committee. He noted that increased labor charges in the Agency's Countywide Fund 113 required the reassignment of fund balance from Fund 114 to Fund 113. The funds were initially planned to go to Fund 134 to cover fish monitoring consultant costs. Funds need to be reassigned to cover unanticipated unbudgeted repairs at Nacimiento Dam.

COMMITTEE ACTION: Upon motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee recommended approval of a budget amendment to authorize the Auditor-Controller to amend the Monterey County Water Resources Agency's Fiscal Year 2012-2013 Budget authorizing a \$100,000 transfer from Fund 114 (Nacimiento Non-O&M Fund) to Fund 113 (Countywide Fund) to cover increased labor charges and a \$100,000 from Fund 116 (Zone 2C Dam Operations Fund) to partially cover unbudgeted repairs at the Nacimiento Dam. Decrease the budgeted transfer from Fund 114 (Nacimiento Non-O&M Fund) to Fund 134 (Salinas River Diversion Facility) by \$200,000. Appropriate an additional amount of \$89,000 to cover Fund 116 Emergency Repairs financed by available unassigned fund balance.

- a. Increase appropriation in Fund 113 (Countywide Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA003, Account 6835 (Other Special Departmental Expense) by \$100,000 (4/5th vote required), and**
- b. Increase estimated revenues in Fund 113 (Countywide Fund), Dept. 9300, Unit 8257, Appropriation Unit WRA003, Account 5940, (Operating Transfers In) by \$100,000 (4/5th vote required), and**
- c. Increase appropriation Fund 116 (Zone 2C Operations Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA006, Account 6613 (Other Professional and Special Services) by \$189,000, of which \$89,000 is financed by available Unassigned Fund Balance Account 3100 (4/5th vote required), and**
- d. Increase estimated revenues in Fund 116 (Zone 2C Operations Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA006, Account 5940 (Operating Transfers In) by \$100,000 (4/5th vote required), and**
- e. Decrease estimated revenues in Fund 134 (River Diversion Facility Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA028, Account 5940, (Operating Transfers In) by \$200,000, financed by available Unassigned Fund Balance Account 3100. (4/5th vote required).**

- 11. CONSIDER RECOMMENDING APPROVAL OF A BUDGET AMENDMENT TO THE BOARD OF SUPERVISORS TO AUTHORIZE THE AUDITOR-CONTROLLER TO AMEND THE MONTEREY COUNTY WATER RESOURCES AGENCY'S FISCAL YEAR 2012-2013 BUDGET TO RECOGNIZE FUEL SPILL COST REIMBURSEMENT OF \$335,556 FROM THE COUNTY RISK POOL AND AUTHORIZE A TRANSFER OF \$335,556 FROM FUND 116 (ZONE 2C**

OPERATIONS FUND) TO FUND 115 (ZONE 2A NON-O&M FUND) TO COVER FY 2012-13 FISH MONITORING CONSULTANT COSTS.

- a. **INCREASE APPROPRIATION IN FUND 116 (ZONE 2C OPERATIONS FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA006, ACCOUNT 7614 (OPERATING TRANSFERS OUT) BY \$335,556 (4/5TH VOTE REQUIRED), AND**
- b. **INCREASE ESTIMATED REVENUES IN FUND 116 (ZONE 2C OPERATIONS FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA006, ACCOUNT 5870 (MISCELLANEOUS REVENUES-INSURANCE RECOVERIES) BY \$335,556 (4/5TH VOTE REQUIRED), AND**
- c. **INCREASE APPROPRIATION FUND 115 (ZONE 2A NON-O&M FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA005, ACCOUNT 6613 (OTHER PROFESSIONAL AND SPECIAL SERVICES) BY \$335,556 (4/5TH VOTE REQUIRED), AND**
- d. **INCREASE ESTIMATED REVENUES IN FUND 115 (ZONE 2A NON-O&M FUND), DEPT. 9300, UNIT 8267, APPROPRIATION UNIT WRA006, ACCOUNT 5940 (OPERATING TRANSFERS IN) BY \$335,556. (4/5TH VOTE REQUIRED)**

Rob Johnson presented this item for consideration by the Committee. He noted that fish monitoring is required as a part of the Salinas Valley Water Project (SVWP) permit. The Agency agreed to perform the fish monitoring duties, though the work agreed to is larger in scope than anticipated, and resources to perform this work have been challenging to secure. The first two-plus years of fish monitoring has been covered with grant funds. In August 2012 the Board approved an agreement between the Agency and the County for fuel spill cost reimbursement, including an initial payment of \$335,556 to cover what the Agency had previously expended that had not been previously reimbursed. This budget adjustment utilizes funds being reimbursed to the Agency for the fish monitoring consultant work for this fiscal year. A sustainable funding strategy for fish monitoring needs to be developed for the future.

To date the County has not yet reimbursed the Agency for this expense and the 30-day period to do so has lapsed. However, Staff is confident that the Agency will be reimbursed. A discussion ensued wherein it was suggested that this item be further discussed at the Joint Board Leadership Committee meeting.

COMMITTEE ACTION: motion made by Committee Member David Hart and seconded by Committee Member Richard Ortiz the Committee recommended approval of a budget amendment to the Board of Supervisors to authorize the Auditor-Controller to amend the Monterey County Water Resources Agency's Fiscal year 2012-2013 Budget to recognize fuel spill cost reimbursement of \$335,556 from the County Risk Pool and authorize a transfer of \$335,556 from Fund 116 (Zone 2C Operations Fund) to Fund 116 (Zone 2A Non-O&M Fund) to cover FY 2012-13 fish monitoring consultant costs.

- a. **Increase appropriation in Fund 116 (Zone 2C Operations Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA006, Account 7614 (Operation Transfers Out) by \$335,556 (4/5th vote required), and**
- b. **Increase estimated revenues in Fund 116 (Zone 2C Operations Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA 006, Account 5870 (Miscellaneous Revenues-Insurance Recoveries) by \$335,556 (4/5th vote required), and**

- c. **Increase Appropriation Fund 115 (Zone 2A Non-O&M Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA005, Account 6613 (Other Professional and Special services) by \$335,556 (4/5 vote required), and**
- d. **Increase estimated revenues in Fund 115 (Zone 2A Non-O&M Fund), Dept. 9300, Unit 8267, Appropriation Unit WRA006, Account 5940 (Operating Transfers in), by \$335,556 (4/5th vote required).**

12. CONSIDER RECOMMENDING APPROVAL OF A DRY PERIOD LOAN OF \$1,035,000 FROM THE COUNTY OF MONTEREY GENERAL FUND POOL CASH FUND TO THE MONTEREY COUNTY WATER RESOURCES AGENCY TO PROVIDE INTERIM FINANCING FOR THE PAJARO RIVER BENCH EXCAVATION PROJECT PHASE 1; AND RATIFY THE INTERIM GENERAL MANAGER'S EXECUTION OF THE AGREEMENT

Rob Johnson presented this item for consideration by the Committee. The Committee asked that the history of the Agreement be reflected in future reports thereby showing the change in the loan amount from \$1,116,500 to \$1,035,000.

COMMITTEE ACTION: Upon motion made by Committee Chair Claude Hoover and seconded by Committee Member David Hart the Committee recommended approval of the dry period loan of \$1,035,000 from the County of Monterey General Fund Pool Cash Fund to the Monterey County Water Resources Agency to provide interim financing for the Pajaro River Bench Excavation project Phase 1; and ratify the Interim General Manager's execution of the Agreement.

13. CONSIDER RECOMMENDING APPROVAL OF AN AGREEMENT NOT-TO-EXCEED \$33,330 FOR AN AUDIT OF THE MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY FOR VERIFICATION OF COMPLIANCE WITH THE EXISTING JUNE 16, 1992 AGREEMENT, AS AMENDED, INCLUDING REVIEW OF EXISTING RESERVE FUND MANAGEMENT PROTOCOL; AND, AUTHORIZING THE INTERIM GENERAL MANAGER TO EXECUTE THE AGREEMENT

Rob Johnson presented this item for consideration by the Committee. He stated that the Auditor-Controller' Office wants to conduct an audit of the Monterey Regional Water Pollution Control Agency (MRWPCA), pursuant to Paragraph 7.04 of the June 16, 1992 Agreement between the MRWPCA and the Agency, in order to provide verification of compliance with the Agreement, as amended, and to review management protocol for reserve funds. The local firm of Hayashi & Wayland Accounting and Consulting, LLP will perform the audit. The audit will cover the time period 2011 to June 30, 2012 and will be performed in the February / March 2013 timeframe, at a cost not-to-exceed \$33,330.

COMMITTEE ACTION: Upon motion made by Committee Member Richard Ortiz and seconded by Committee Member Ken Ekelund the Committee recommended approval of an Agreement not-to-exceed \$33,330 for an audit of the Monterey regional Water Pollution Control Agency for verification of compliance with the existing June 16, 1992 Agreement, as amended, including review of existing Reserve Fund Management protocol; and authorizing the Interim General Manager to execute the Agreement.

14. CONSIDER CONTINUING THE ANNUAL JOINT FUNDING AGREEMENT WITH THE UNITED STATES GEOLOGICAL SURVEY FOR STREAM GAGING WORK

IN MONTEREY COUNTY IN THE AMOUNT OF \$233,900; AND AUTHORIZE THE CHAIR TO EXECUTE THE JOINT FUNDING AGREEMENT FOR WATER YEAR 2012-2013

Rob Johnson presented this item for consideration by the Committee. He noted that the services provided by the USGS include installation and maintenance of equipment, collection of data using mechanical recorders and USGS personnel, emergency response during flooding, and the analyses of data and preparation of the annual streamflow records. Data collected are used to determine the frequency and magnitude of surface water flow, to estimate the infiltration of water and the transport of sediment within streambeds, and to estimate the annual sedimentation into reservoirs

Rob noted that the Agency share of the program cost has decreased for a couple reasons. The USGS did not increase their rates which would have left the amount the same; however the Agency paid a portion of the Pajaro River near Chittenden gage last year. This was previously paid for by other entities. This year that gage is being paid for completely by other sources, therefore the Agency share is decreased. The Agency share of the JFA is \$233,900, a decrease of 0.3%. This amount continues the additional measurements requested by the Agency to help develop an increased understanding of streambed recharge in the Chualar area. Over the last couple of years, the costs of this program have reflected a 60/40 split, not the traditional 50/50 for gages. The matching funds from the Federal government had remained constant for about 25 years, while all other costs have increased. This year, the USGS will not be receiving the amount of Federal matching funds necessary to maintain the 50/50 ratio.

COMMITTEE ACTION: Upon motion made by Committee Member Ken Ekelund and seconded by Committee Member David Hart the Committee recommended continuing the annual Joint Funding Agreement with the United States Geological Survey for stream gaging work in Monterey County in the amount of \$233,900; and authorize the Chair to execute the Joint Funding Agreement for Water Year 2012-2013.

15. SET NEXT MEETING DATE AND DISCUSS FUTURE AGENDA ITEMS

The next meeting date is scheduled for Friday, February 8 at 10:00 a.m. No future agenda items were discussed.

16. ADJOURNMENT

The Committee adjourned at 11.15 a.m.

Submitted by: Alice Henault

Approved on: February 8, 2013