

**BOARD OF SUPERVISORS OF THE
MONTEREY COUNTY WATER RESOURCES AGENCY**

MEETING: June 14, 2011	AGENDA NO.: S-7 Revised
SUBJECT: Hold a public hearing on June 14, 2011, at 1:30 P.M., to consider adoption of Zone 2C Fiscal Year 2011-2012 assessment charges for the Salinas Valley Water Project.	
DEPARTMENT: Water Resources Agency	

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Hold a public hearing on June 14, 2011, at 1:30 P.M., to consider adoption of Zone 2C Fiscal Year 2011-2012 assessment charges for the Salinas Valley Water Project.

SUMMARY:

This Board action is to hold a public hearing for Fiscal Year (FY) 2010-2011 Zone 2C assessments charges on June 14, 2011, at 1:30 P.M. Attachment 1 shows the map of Zone 2C, Attachment 2 shows the rates that are proposed to be published in the notice for public hearing, and were recommended by the Agency Board of Directors on April 25, 2011. The assessment rates for operations and maintenance and administration will be increased by the San Francisco, Oakland, San Jose, Urban Consumers Price Index (CPI). The CPI calculation for Zone 2C assessments is taken directly from the Zone 2C Ordinance:

The CPI for FY 2011-12 is approximately 1.7%. After the public hearing, the Board may approve or reduce any of the charges, but may not raise them above the CPI increase.

DISCUSSION:

On April 8, 2003, the electorate of the Agency's Zone 2C approved the levying of Zone 2C assessments for the Salinas Valley Water Project (SVWP) in accordance with Ordinance 04203 adopted by the Board of Supervisors on July 22, 2003. The ordinance allows for the increase in operations and maintenance and administration assessments by the rise of the CPI.

In the years following the first full fiscal year in which the SVWP Assessment is collected, the operation and maintenance component of the SVWP Assessment is subject to increase based on the San Francisco, Oakland, San Jose Urban Consumers Price Index ("CPI") for the previous year as measured from February to February, or the nearest date for which figures are available. All increases pursuant to this section will be calculated from the base year of 2003. The base year February 2003 CPI is 197.7

The CPI increase is reflected in the Proposed Assessments (Attachment 2). This increase represents the CPI as measured from February 2010 to February 2011, and is the rate recommended by the Monterey County Water Resources Board of Directors at their meeting on April 25, 2011, to discuss assessments rates.

Annual assessments of approximately \$1.11 million will pay for the capital cost until the debt is

retired. Annual assessments of \$2.92 million will pay for the operation and maintenance and administrative cost of the Zone. The assessments that pay for operation and maintenance replace the previous Zones 2 and 2A Water Standby or Availability Charges.

The benefit assessments shown in the County Final Budget for Fiscal Year 2010-2011 were for Operations and Maintenance, \$2,532,124; Spillway Modification, \$433,984; Diversion Facility, \$654,785, and Administration, \$295,680. The estimated benefit assessments for Fiscal Year 2011-2012 for Zone 2C are: Operations and Maintenance, \$2,617,236; Spillway Modification, \$441,780; Diversion Facility \$666,548; and Administration \$306,257. The Fiscal Year 2011-2012 Budget figures are estimated and may vary slightly with what is actually collected. The Fiscal Year 2011-2012 assessments include a cost of living increase for the Operations and Maintenance and the Administration components. There is no change for the Spillway and Diversion Facility rates for Fiscal Year 2011-2012.

The Board is being asked to set a public hearing on Zone 2C, receive public testimony and adopt Zone 2C assessment charges. The Board of Supervisors may approve or lower any of the assessments but not raise them above the CPI.

OTHER AGENCY INVOLVEMENT:

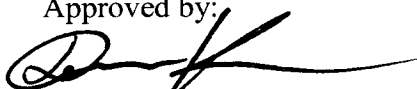
County Counsel has reviewed this report as to form. MCWRA Board of Directors recommended approval of the Zone 2C Resolution at its meeting on April 25, 2011.

FINANCING:

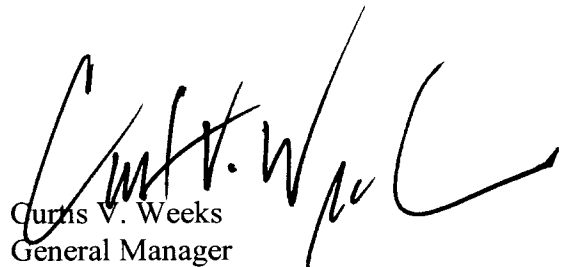
The estimated revenue for FY 2011-2012 for Zone 2C are: Operations and Maintenance, Fund 116, \$2,617,236; Spillway Modification, Fund 422, \$441,780; Diversion facility, Fund 423, \$666,548; and Administration, Fund 116, \$306,257. The 2011-2012 Recommended Budget figures are estimated and may vary slightly with what is actually collected.

Prepared by:

Approved by:



David Kimbrough
Chief Admin Services/Finance Manager



Curtis V. Weeks
General Manager

May 3, 2011

Attachments:

1. Map
2. Proposed Assessments
3. Proposed Resolution
4. Notice of Hearing
5. Board Order Setting Public Hearing
6. MCWRA BOD Board Order