



Monterey County

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Board Report

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Support approving a Professional Services Agreement with Raftelis Financial Consultants, Inc., in the amount of \$110,360 to:

- a. conduct a review and analysis of the Agency's Assessments and Benefits for Zones 2B, 2Y, 2Z including water delivery/service charges;
- b. provide an updated assessment methodology and analysis, and a cost of service approach to be considered by these taxpayers; and
- c. authorize the General Manager to execute the Agreement, substantially in the form attached, and subject to approval by County Counsel.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors - Budget Committee:

Support approving a Professional Services Agreement with Raftelis Financial Consultants, Inc., in the amount of \$110,360 to:

- a. conduct a review and analysis of the Agency's Assessments and Benefits for Zones 2B, 2Y, 2Z including water delivery/service charges;
- b. provide an updated assessment methodology and analysis, and a cost of service approach to be considered by these taxpayers; and
- c. authorize the General Manager to execute the Agreement, substantially in the form attached, and subject to approval by County Counsel.

SUMMARY/DISCUSSION:

On June 3, 2015 at the Water Resources Agency Board of Supervisors Public Budget Hearing it approved the Agency's FY 2015-16 Recommended Budget and requested that the Agency aggressively pursue alternative funding by hiring an independent consultant with expertise in water district financing to identify available funding not limited to grants for the unbudgeted projects that the Agency has been tasked with performing which include the following: Interlake Tunnel, Salinas River Stream Maintenance Program and Lagoon, Permit 11043, Castroville Seawater Intrusion Project (CSIP) Expansion, Sustainable Groundwater Management Agency (SGMA), and Fish Monitoring.

On July 16, 2015 at the Joint Water Resources Agency Board of Directors/Board of Supervisors meeting the Agency was instructed to move forward with the development of an RFP in conjunction with the Contracts Purchasing Department. The attached RFP includes all the expectations requested by the Water Resources Agency Board of Directors and Board of Supervisors.

On October 16, 2015, The Monterey Contracts Purchasing Department published the Water Resources Agency Request for Financial Services Proposal #10554. There was only one proposal received by the closing deadline - November 17, 2015. On January 20, 2016, the Agency RFP review panel chose Raftelis Financial Consultants, Inc. proposal. Their proposal met all objectives within the requested Scope of Work at a reasonable price - see section 4 page 27 & 28 of their attached proposal.

On February 29, 2016, the Agency Board of Directors approved the Raftelis Financial Consultants, Inc. proposal. However, at the Finance Committee Meeting on March 11, 2016 prior to the proposal being scheduled for the WRA BOS March 15, 2016 meeting, the Agency Finance Committee raised concerns about the Raftelis scope of work being too broad and requested that it be narrowed to the current concerns regarding the benefit assessments in Zones 2B, 2Y, 2Z and water delivery/service charges. In addition, the Agency received a letter from Mr. Thomas Versik, Law Offices of Patrick J. Maloney, outlining some concerns regarding the Raftelis proposal scope of work not recognizing the Orradre settlement and other events when analyzing either past or potential future benefits.

On March 28, 2016 at the Agency's FY 2016-17 Budget Workshop, several Board Director's requested that the Agency limit the Raftelis scope of work to Zones 2B, 2Y, 2Z and address the imbalance in revenue for the CSIP/SVRP/SRDF projects including water delivery/service fees while the SRDF continues to remain shut down. It was decided that for the FY 2016-17 Requested Budget that the Agency expeditiously work to correct the revenue imbalance for the water delivery/service charges collected for the SRDF and CSIP.

Mr. Habib Isaac, Raftelis Project Manager, constructed the revised scope of work focusing exclusively on the immediate financial concerns regarding the benefits and assessments collected for Zones 2B, 2Y, and 2Z including water delivery/services charged in these zones. The revised scope of work is comprised of three major tasks: Review of Agency Benefit Assessments and Ongoing Project Management, Updated Assessment Methodology/Analysis, and Cost of Service Approach.

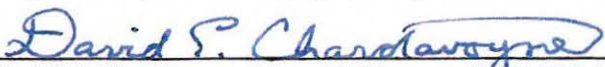
OTHER AGENCY INVOLVEMENT:

None

FINANCING:

The revised scope of work is \$89,080 with an understanding that the Agency may need additional meetings or analysis depending on the outcome of the first initial meeting with stakeholders. Therefore, the Agency will keep the originally approved agreement amount of \$110,360 paid by Funds 131-CSIP \$37,000, 132-SVRP \$37,000, and 116 Administration for the Salinas River Diversion Facility \$37,000.

Prepared by: Cathy Paladini, Finance Manager, (831) 755-4861

Approved by: 
David E. Chardavoyne, General Manager, (831) 755-4860

Attachments:

1. Professional Services Agreement
2. Raftelis Original Scope of Work & Pricing Sheet
3. Raftelis Revised Scope of Work & Pricing Sheet
4. Request for Proposal
5. Patrick J. Maloney Law Office Letter

