



Board Report

File #: WRAG 21-047, **Version:** 1

Consider adopting a Resolution to:

- a. Authorize and direct the Auditor Controller to amend the FY 20-21 Monterey County Water Resources Agency's Adopted Budget for Fund 111 - Administration Fund (111-9300-8267-WRA001) to reallocate one (1) 1.0 FTE Finance Manager II to one (1) 1.0 FTE Finance Manager III, as indicated in Attachment A (4/5th vote required); and
- b. Authorize and direct the Auditor Controller and the County Administrative Office to incorporate the position reallocation in the FY 20-21 Adopted Budget.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors adopt a Resolution to:

- a. Authorize and director the Auditor Controller to amend the FY 20-21 Monterey County Water Resources Agency's Adopted Budget for Fund 111 - Administration Fund (111-9300-8267-WRA001) to reallocate one (1) 1.0 FTE Finance Manager II to one (1) 1.0 FTE Finance Manager III, as indicated in Attachment A (4/5th vote required); and
- b. Authorize and direct the Auditor Controller and the County Administrative Office to incorporate the position reallocation in the FY 20-21 Adopted Budget.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (MCWRA) is a special district formed in 1947 by state law, which established the Monterey County Flood Control and Water Conservation District ("District"). In January 1991, new legislation (SB 2580) changed the name of the District to the Monterey County Water Resources Agency to reflect its powers and functions more accurately. In addition to MCWRA's responsibility for emergency flood-related preparedness, MCWRA also has jurisdiction over most matters pertaining to water within the entire area of the County of Monterey. This jurisdiction includes both incorporated and unincorporated areas of the County; however, exceptions are detailed in agreements MCWRA has with Monterey Peninsula Water Management District, Pajaro Valley Water Management Agency, and the County of Monterey. Based on the highly complex nature of the public finance responsibilities of the Agency as a special district, the MCWRA is requesting a reallocation of one currently vacant Finance Manager II position to one Finance Manager III position.

The MCWRA has historically had a Finance Manager II position to oversee the day-to-day financial and budgeting operations. This position has had a high level of turnover in the last ten years and was most recently vacated in October 2020. Given the MCWRA's complex budget consisting of eleven (11) Governmental Funds, two (2) Fiduciary Funds, and one (1) Capital Project Fund, as well as the MCWRA's diverse revenue sources consisting of special benefit assessments, ad-valorem taxes, hydroelectric revenues, water delivery fees, and grants, finding an ideal candidate to fill the position has always proven to be quite challenging. This wide range of responsibilities highlights how MCWRA functions as an independent legal entity from the County managing its own annual revenue. This is unlike County Departments which have a different role in the budget process. County Departments, which may have budgets larger than MCWRA's, rely heavily on the expertise

and guidance of the Auditor-Controller's office and the County Budget team to support the acquisition and allocation of annual revenues, mainly from the County's General Fund. In contrast, the MCWRA, as a special district, does not rely on the County General Fund for its revenue. The MCWRA works with the Auditor-Controller per the Agency Act as the Auditor-Controller is an ex officio officer for MCWRA designated to perform the same duties for MCWRA as Monterey County.

Additionally, over the past several years, responsibilities have increased significantly as the MCWRA is actively seeking funding sources to address current revenue shortages, required repairs to aging facilities, and future capital projects through different funding mechanisms such as Proposition 218 measure(s), revenue bonds and refinancing of current debt. This requires highly sophisticated dedicated staff to have the ability to manage complicated public financing processes. This will be instrumental in the MCWRA achieving financial stability for current efforts and sustainability going into the future.

The MCWRA Board of Directors and the MCWRA Board of Supervisors approved a Strategic plan in December 2020, outlining very ambitious financial goals for the MCWRA. Some of those goals include the development of a 10-year finance plan, pursuing additional grant resources, and undertaking additional revenue requirements. These types of activities are beyond the skill-set of what a Finance Manager II and their team can accomplish. In order to achieve those goals, the MCWRA believes it is critical to hire a qualified individual at the Finance Manager III classification level. This need is urgent as MCWRA approaches critical deadlines for various Proposition 218 processes that are already in motion.

This reallocation request was fully analyzed by the Human Resources Department in an objective process required by Monterey County. The Human Resources Department has the expertise to perform this function and approved the Request to Classify, as shown in Attachment B.

The historical challenges to fill the current position combined with the new responsibilities and the urgent need to hire a qualified individual to assume these duties justifies the reallocation to a Finance Manager III. The increased cost of reallocating the currently vacant position is spread across the MCWRA funds at the same percentage of the Finance Manager II position. The current approved FY21 budget can accommodate the additional costs associated with the reallocation. Therefore, no additional funds are being requested.

OTHER AGENCY/COMMITTEE INVOLVEMENT:

County Human Resources reviewed the Request to Classify and concur with the proposed reallocation. The CAO's Budget Office does not support this action because they do not believe the Agency satisfies the description within the FMIII classification specification. This item was presented to the Budget Committee on January 27, 2021 and moved forward to the full board without a recommendation.

FINANCING:

The current position was vacated on October 23, 2020 and, if approved, the Finance Manager III is expected to be filled by June 2021. As a result, MCWRA has been experiencing salary savings and will absorb the increase in salary due to the reallocation for FY 20-21. In future years, the reallocation of this position will result in an increase in salary of approximately \$30,000, and the MCWRA will be able to budget accordingly, based on existing revenues.

Prepared and
Approved by:

Brent Buche, General Manager, (831) 755-4860

Attachments:

1. Attachment A
2. Attachment B
3. Resolution