

**Mendocino County Russian River Flood Control
& Water Conservation Improvement District**

STAFF REPORT

To: Board of Trustees
 From: E. Salomone, General Manager
 Meeting: Tuesday, July 18, 2023
 RE: Agenda Item 4: Fiscal Year 2023-2024 Budget Workshop

The Strategic Plan relevant priority is **Administration** ensuring sound and sustainable management of District finances.

Background

An annual budget sharpens understanding and provides reflection on the progress of District goals. It encourages effective ways of measuring, reporting, and planning while facilitating discussion of financial strategies and health. The budget helps to avoid surprises and maintain fiscal control of the public resources managed by the District.

Discussion

Staff is recommending adoption of the Interim Fiscal Year 2023-23 Budget at this meeting and adopting the Final Fiscal Year 2023-23 Budget including 2023 rate setting for Uniform Water Supply & Purchase Agreements at a future Regular Board meeting. This will allow additional customer outreach and engagement, including a Special Board meeting inviting Customers to receive a briefing on the proposed budget and rate setting and provide feedback directly to the Board.

Staff requests the Board provide feedback on the following points to further refine the proposals for public engagement:

1. Funding allocation for water supply projects
2. Reserve Balances (Use/balance of Water Supply Reliability Fund)

SUMMARY: District Operating Budget

The following table shows the Proposed Interim Fiscal Year 2023-2024 Budget, beginning July 1, 2023. It does not include potential expenses from projects nor any rate increase.

	FY 2022/23	FY 2022/23	Change	FY 2023/24	Amt Change	% Change
	APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %	DRAFT Budget	From previous FY Budget	From previous FY Budget
TOTAL REVENUE	\$ 407,000	\$ 430,868	6%	\$ 410,466	\$ 3,466	1%
less TOTAL OPERATING EXPENSES	\$ 416,475	\$ 441,300	6%	\$ 511,700	\$ 95,225	23%
equals TOTAL DIFFERENCE	\$ (9,475)	\$ (10,432)	10%	\$ (101,234)		

More detailed information provided on the following pages.

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REVENUE

ORDINARY REVENUE		FY 2022/23	FY 2022/23	Change	FY 2023/24	Amt Change	% Change
		APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %	DRAFT Budget	From previous FY Budget	From previous FY Budget
001	Water Sales, Contracted	\$ 349,000	\$ 363,858	4%	\$ 352,366	\$ 3,366	1%
010	Water Application Fees	\$ -	\$ 1,200		-	\$ -	
050	Property Taxes	\$ 55,000	\$ 40,000	-27%	\$ 55,000	\$ -	0%
080	Interest, LAIF	\$ 2,500	\$ 3,500	40%	\$ 3,000	\$ 500	20%
081	Interest, Savings	\$ 500	\$ 50	-90%	\$ 100	\$ (400)	-80%
TOTAL ORDINARY REVENUE		\$ 407,000	\$ 408,608	0%	\$ 410,466	\$ 3,466	1%
OTHER REVENUE		FY 2022/23	FY 2022/23				
		APPROVED BUDGET	Projected to 6/30/23				
002	Surplus Water Sales	\$ -	\$ 22,000				
100	Other income	\$ -	\$ 260				
TOTAL OTHER REVENUE		\$ -	\$ 22,260				

Red text indicates a change from the preliminary budget presented in June.

<i>Line</i>	<i>Notes</i>
4001	Water Sales A total of 7,497.15 acre feet are now under contract. The price per acre foot used for this calculation is the current one of \$47.00. The Board will continue to consider the need to increase the permanent rate per acre foot and/or annual surcharges for potential projects.
4050	Property Taxes Estimated based on the past eleven Fiscal Year trends.
4080	Interest Potential use of reserves would reduce interest income.
4002	Surplus Sales Surplus water sales not included in budget.

(Continued...)

EXPENSES

		FY 2022/23	FY 2022/23	Change		FY 2023/24	Amt Change	% Change
	PAYROLL EXPENSES	APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %		DRAFT Budget	From previous FY Budget	From previous FY Budget
5001	Gross Wages	\$ 135,000	\$ 132,000	-2%		\$ 193,000	\$ 58,000	43%
5002	CalPERS Employer Expense	\$ 10,000	\$ 10,000	0%		\$ 14,000	\$ 4,000	40%
5003	CalPERS 457 Expense	\$ 4,000	\$ 4,000	0%		\$ 4,500	\$ 500	13%
5004	Health Insurance	\$ 15,000	\$ 21,000	40%		\$ 25,000	\$ 10,000	67%
5005	Medicare	\$ 1,900	\$ 2,200	16%		\$ 3,000	\$ 1,100	58%
5006	FICA (Federal Taxes)	\$ 8,000	\$ 11,000	38%		\$ 15,000	\$ 7,000	88%
5007	CalPERS 1959 Survivor Billing	\$ 100	\$ 100	0%		\$ 300	\$ 200	200%
5008	CalPERS GASB-68 Fees	\$ 1,000	\$ 700	-30%		\$ 800	\$ (200)	-20%
5009	Unfunded Pension Liability	\$ 9,500	\$ 7,000	-26%		\$ 9,500	\$ -	0%
	Employee Bonus					\$ 7,000		
	Payroll Expenses - Other	\$ -	\$ 700			\$ -	\$ -	
	TOTAL PAYROLL EXPENSES	\$ 184,500	\$ 188,700	2%		\$ 272,100	\$ 87,600	47%

Line	Notes
5001 5002 5004 5005 5006	All based on two employees. The District has been understaffed for most of the past 4 years and the permanent workload has increased. The increase includes but is not limited to factors outside of the District’s control: changes to water supply due to climate and timing/amount of available water from trans-basin diversion; mandates (GSA, SB88, curtailments, MOU); need for funding & legislative support (ACWA/CSDA.) To address these and implement the Board approved Strategic Plan, GM has engaged consultants to help, however, found it inadequate and has led to GM working excessive hours. A second employee is essential for workload coverage and redundancy of vital operations.
5002 5003 5007 5008 5009	All set by CalPERS.
	Employee Bonus As recommended by HR consultants, this is a budgeted option for the Board’s discretion.

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EXPENSES CONTINUED...

OPERATING EXPENSES		FY 2022/23	FY 2022/23	Change	FY 2023/24	Amt Change	% Change
		APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %	DRAFT Budget	From previous FY Budget	From previous FY Budget
5021	Water Rights - Annual Fees	\$ 17,000	\$ 17,000	0%	\$ 18,000	\$ 1,000	6%
5022	Water Rights - Compliance	\$ 2,000	\$ 400	-80%	\$ 4,000	\$ 2,000	100%
5030	Projects	\$ 40,000	\$ 22,000	-45%			
5104	Grants & Funding		\$ 1,000				
5107	Outreach & Education		\$ 3,000				
5103	Engineering for WR Application		\$ 4,000				
5105	Legal for WR Application		\$ 7,300				
5105	Legal for Change Petition		\$ 5,000				
5105	Legal for Trans-Basin Diversion		\$ 1,500				
5107	Outreach		\$ 200				
5040	USGS Streamflow Gage	\$ 14,475	\$ 15,000	4%	\$ 16,000	\$ 1,525	11%
5051	Inland Water & Power Commission JPA	\$ -			\$ 3,300	\$ 3,300	
5051	Groundwater Sustainability Agency JPA	\$ 68,000	\$ 69,000	1%	\$ 100,000	\$ 32,000	47%
5060	Rent & Utilities	\$ 5,000	\$ 4,500	-10%	\$ 5,000	\$ -	0%
TOTAL OPERATING EXPENSES		\$ 146,475	\$ 127,900	-13%	\$ 146,300	\$ (175)	0%

Red text indicates a change from the preliminary budget presented in June.

Line	Notes
5022	Water Rights Compliance is primarily meter maintenance.
5030	Projects are being separated out from the operating budget. This creates a challenge in comparing fiscal year budgets. \$40k was budgeted for projects in FY22-23. \$250k is estimated for the FY 23-23 budget
5051	IWPC: Administrative contributions increased from \$2,000 to \$3,300 per IWPC admin.
5060	Groundwater Sustainability Agency: Without the funding of the grant application, member agencies have been asked to contribute an additional \$30,000 for the next fiscal year. Upon recommendation of the District's GSA Representative, Vice President White, the increase has been included in the operating budget. It is hoped this increase will be one-time and potentially deducted from a future contribution. However, until the GSA is collecting rates/fees, it will continue to depend on member contributions.

(Continued...)

EXPENSES CONTINUED...

		FY 2022/23	FY 2022/23	Change		FY 2023/24	Amt Change	% Change
	GENERAL & ADMINISTRATIVE EXPENSES	APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %		DRAFT Budget	From previous FY Budget	From previous FY Budget
5100	Consulting - General	\$ 20,000	\$ 68,300	242%		\$ 48,000	\$ 28,000	140%
5101	Accounting		\$ 26,000			\$ 6,000		-77%
5102	Audit		\$ 19,000			\$ 10,000		-47%
5105	Legal	\$ 20,000	\$ 18,000	-10%		\$ 20,000		0%
5105	Legal for Redwood Valley issues		\$ 4,200					-100%
5106	Meter Reading		\$ 4,000			\$ 6,000		50%
5109	Human Resources		\$ 13,000			\$ 3,000		-77%
5109	Strategic Planning		\$ 2,100			\$ 3,000		43%
5120	Vehicle: Fuel, Repairs, Maintenance	\$ 2,000	\$ 3,000	50%		\$ 2,000	\$ -	0%
5131	Insurance: Liability, Property, Auto	\$ 7,000	\$ 6,000	-14%		\$ 6,500	\$ (500)	-7%
5130	Insurance: Workers Comp	\$ 7,000	\$ 6,000	-14%		\$ 1,300	\$ (5,700)	-81%
5140	Local Agency Formation Commission	\$ 1,500	\$ 1,300	-13%		\$ 2,000	\$ 500	33%
5150	Memberships, ACWA & CSDA	\$ 7,000	\$ 6,000	-14%		\$ 6,000	\$ (1,000)	-14%
5160	Office Operating Expenses	\$ 5,000	\$ 6,000	20%		\$ 7,000	\$ 2,000	40%
5170	Training & Conferences	\$ 4,000	\$ 4,500	13%		\$ 6,000	\$ 2,000	50%
5180	Stipends, meetings	\$ 6,000	\$ 4,700	-22%		\$ 13,500	\$ 7,500	125%
5190	Property Tax Admin Fees	\$ 1,000	\$ 900	-10%		\$ 1,000	\$ -	0%
5200	Election	\$ 5,000		-100%			\$ (5,000)	-100%
	TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 85,500	\$ 124,700	46%		\$ 93,300	\$ 7,800	9%

Line	Notes
5100	Consulting will not include consultant time for projects. This creates a challenge in comparing fiscal year budgets.
5131	Insurance costs have risen from original estimates from the insurance company.
5180	Stipends allocation has increased due to direction from Board to update the policy.

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RESERVES

RESERVES	FY 2022/23	FY 2022/23	Change	FY 2023/24	Amt Change	% Change
	APPROVED BUDGET	Actuals Projected to 6/30/23	Budget to Actual in %	DRAFT Budget	From previous FY	From previous FY
Capital (15% of fixed assets + 10% operating expense budget)	\$ 56,000	\$ 56,000	0%	\$ 72,455	\$ 16,455	29%
Emergency (Emergency: 25% of fixed assets)	\$ 28,000	\$ 28,000	0%	\$ 37,500	\$ 9,500	34%
Operating (Operating: 50% of operating expense budget)	\$ 210,000	\$ 210,000	0%	\$ 249,775	\$ 39,775	19%
Water Supply Reliability (Remainder)	\$ 197,085	\$ 202,258	3%	\$ 136,528	\$ (60,557)	-31%
LAIF Fair Market Value	\$ (6,322)	\$ (6,322)	0%	\$ (6,500)	\$ (178)	3%
TOTALS:	\$ 484,763	\$ 496,258	2%	\$ 496,258	\$ 11,495	2%
FY 23-23 Minimum Rsrves required by policy:					\$ 359,730	

As laid out in the **attached** District Policy #18-02, there are four funds within the reserve account and balances for three of the funds are based on specific formulas. The minimum reserve balance as per the policy for FY 2023-2024 is preliminarily calculated at \$359,730. The Water Supply Reliability fund is available toward potential water supply projects. It is important to consider the Operating Reserve fund may need to be reserved in case of an unexpected reduction in budgeted revenue.

Legal Counsel has confirmed that per the Uniform Water Supply & Purchase Agreement, the Board has authority to set the price per acre foot annually and is not subject to Proposition 218 or any other regulation in the matter. Legal Counsel also confirmed the District can use its fund for any legal purpose, including the use of reserve funds. See **attached** documents excerpts regarding pricing.

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Options to Explore

A calculator has been created to explore the variables of (1) annual water rate increase per acre foot; (2) Estimated Annual Water Supply Project Expenses; (3) Use of reserves (either just the Water Supply Reliability Fund or including other funds.)

The following four options are intended to give the Board an idea of the possible scenarios and additional options can be provided after feedback received. Annual CPI has been estimated at 5% and is included in the estimated operating expenses and estimated tax revenue. (The CPI can be changed to run scenarios.) Estimated reserve balances have not been adjusted for fair market value in the calculator.

Four Options:

1. Maintain reserves fully; per acre foot pricing to cover entire operational deficit and water supply project expenses.
2. Use of Water Supply Reliability Fund balance (no other reserve funds); per acre foot pricing for operational deficit and remainder of water supply project expenses.
3. Use of Water Supply Reliability Fund balance; use of additional reserve funds to “smooth out” per acre foot pricing, paying back over 2 years.
4. Use of Water Supply Reliability Fund balance; use of additional reserve funds to “smooth out” per acre foot pricing, paying back over 3 years.

None of the scenarios notably builds the District’s financial reserves nor do they take into account for reduction of value of the reserves over time.

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Option 1: Maintain reserves fully; per acre foot pricing to cover entire operational deficit and water supply project expenses, leaving Water Supply Reliability Fund at almost \$165,000.

EXPENSES:	2023	2024	2025	2026	2027
Est Total Operating Expenses	\$ 511,700	\$ 537,285	\$ 564,149	\$ 592,357	\$ 621,975
Est Annual Water Supply Project Expenses	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Est Expenses Subtotal	\$ 761,700	\$ 737,285	\$ 764,149	\$ 792,357	\$ 821,975
REVENUE:					
Annual water rate increase per af	\$ 47.23	\$ -	\$ -	\$ 3.00	\$ 4.00
Total per af rate	\$ 94	\$ 94	\$ 94	\$ 97	\$ 101
Water Sales Revenue w/rate increase	\$ 706,725	\$ 706,725	\$ 706,725	\$ 729,225	\$ 759,225
Est Tax Revenue	\$ 55,000	\$ 57,750	\$ 60,638	\$ 63,669	\$ 66,853
Est Revenue Subtotal	\$ 761,725	\$ 764,475	\$ 767,363	\$ 792,894	\$ 826,078
Use of Water Supply Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Revenue-less-Expenses (to reserves)	\$ 25	\$ 27,190	\$ 3,213	\$ 538	\$ 4,103
Est Water Supply Reserve Balance	\$ 129,238	\$ 156,428	\$ 159,641	\$ 160,179	\$ 164,282

Option 2: Use of Water Supply Reliability Fund balance (no other reserve funds); per acre foot pricing for operational deficit and remainder of water supply project expenses. No build back of Water Supply Reliability Fund.

EXPENSES:	2023	2024	2025	2026	2027
Est Total Operating Expenses	\$ 511,700	\$ 537,285	\$ 564,149	\$ 592,357	\$ 621,975
Est Annual Water Supply Project Expenses	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Est Expenses Subtotal	\$ 761,700	\$ 737,285	\$ 764,149	\$ 792,357	\$ 821,975
REVENUE:					
Annual water rate increase per af	\$ 30.00	\$ 13.65	\$ 4.00	\$ 3.25	\$ 3.00
Total per af rate	\$ 77	\$ 91	\$ 95	\$ 98	\$ 101
Water Sales Revenue w/rate increase	\$ 577,500	\$ 679,875	\$ 709,875	\$ 734,250	\$ 756,750
Est Tax Revenue	\$ 55,000	\$ 57,750	\$ 60,638	\$ 63,669	\$ 66,853
Est Revenue Subtotal	\$ 632,500	\$ 737,625	\$ 770,513	\$ 797,919	\$ 823,603
Use of Water Supply Reserve Fund	\$ 129,238	\$ -	\$ -	\$ -	\$ -
Estimated Revenue-less-Expenses (to reserves)	\$ 38	\$ 340	\$ 6,363	\$ 5,563	\$ 1,628
Est Water Supply Reserve Balance	\$ (0)	\$ 340	\$ 6,703	\$ 12,266	\$ 13,894

Option 3: Use of Water Supply Reliability Fund balance and use of additional reserve funds to “smooth out” per acre foot pricing over 2 years, paying back over 2 years. No build back of Water Supply Reliability Fund. (Negative balance in Est Water Supply Reserve Balance indicates amount used from other reserve funds.)

EXPENSES:	2023	2024	2025	2026	2027
Est Total Operating Expenses	\$ 511,700	\$ 537,285	\$ 564,149	\$ 592,357	\$ 621,975
Est Annual Water Supply Project Expenses	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Est Expenses Subtotal	\$ 761,700	\$ 737,285	\$ 764,149	\$ 792,357	\$ 821,975
REVENUE:					
Annual water rate increase per af	\$ 20.00	\$ 20.00	\$ 9.00	\$ 9.00	\$ (4.30)
Total per af rate	\$ 67	\$ 87	\$ 96	\$ 105	\$ 101
Water Sales Revenue w/rate increase	\$ 502,500	\$ 652,500	\$ 720,000	\$ 787,500	\$ 755,250
Est Tax Revenue	\$ 55,000	\$ 57,750	\$ 60,638	\$ 63,669	\$ 66,853
Est Revenue Subtotal	\$ 557,500	\$ 710,250	\$ 780,638	\$ 851,169	\$ 822,103
Use of Water Supply & Other Reserve Fund	\$ 204,200	\$ 27,035	\$ -	\$ -	\$ -
Estimated Revenue-less-Expenses (to reserves)	\$ -	\$ -	\$ 16,488	\$ 58,813	\$ 128
Est Water Supply Reserve Balance	\$ (74,962)	\$ (74,962)	\$ (58,474)	\$ 339	\$ 467

Option 4: Use of Water Supply Reliability Fund balance; use of additional reserve funds to “smooth out” per acre foot pricing over 2 years, paying back over 3 years. (Negative balance in Est Water Supply Reserve Balance indicates amount used from other reserve funds.)

EXPENSES:	2023	2024	2025	2026	2027
Est Total Operating Expenses	\$ 511,700	\$ 537,285	\$ 564,149	\$ 592,357	\$ 621,975
Est Annual Water Supply Project Expenses	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Est Expenses Subtotal	\$ 761,700	\$ 737,285	\$ 764,149	\$ 792,357	\$ 821,975
REVENUE:					
Annual water rate increase per af	\$ 17.00	\$ 17.00	\$ 13.00	\$ 8.00	\$ 8.00
Total per af rate	\$ 64	\$ 81	\$ 94	\$ 102	\$ 110
Water Sales Revenue w/rate increase	\$ 480,000	\$ 607,500	\$ 705,000	\$ 765,000	\$ 825,000
Est Tax Revenue	\$ 55,000	\$ 57,750	\$ 60,638	\$ 63,669	\$ 66,853
Est Revenue Subtotal	\$ 535,000	\$ 665,250	\$ 765,638	\$ 828,669	\$ 891,853
Use of Water Supply & Other Reserve Fund	\$ 226,700	\$ 72,035	\$ -	\$ -	\$ -
Estimated Revenue-less-Expenses (to reserves)	\$ -	\$ -	\$ 1,488	\$ 36,313	\$ 69,878
Est Water Supply Reserve Balance	\$ (97,462)	\$ (97,462)	\$ (95,974)	\$ (59,661)	\$ 10,217

Recommended Action:

- (1) Move to approve an Interim Fiscal Year 2023-23 Budget; and
- (2) Select option(s) or direct GM to develop additional option(s) to proceed in further refinement and customer outreach.
- (3) Direct GM to schedule a Special Board Meeting and invite customers to receive a briefing on the proposed budget/rate setting and provide feedback directly to the Board.
- (4) Direct GM to schedule the adoption of the Final Fiscal Year 2023-23 Budget including 2023 rate setting for Uniform Water Supply & Purchase Agreements at a future Regular Board meeting; and

Attachments:

- Policy #18-02: Reserves and Policy #18-01: Limits on Bank Accounts& Investments
- Excerpts from the Uniform Water Supply & Purchase Agreement and Ordinance #00-01 regarding pricing.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

POLICY #18-02

**A POLICY OF THE BOARD OF TRUSTEES OF MCRRFC&WCID
ESTABLISHING A RESERVES POLICY**

WHEREAS, the Board of Trustees of the Mendocino County Russian River Flood Control and Water Conservation Improvement District is committed to operating and maintaining the District and its assets in a fiscally sound and responsible manner;

WHEREAS, the Board of Trustees adopts policies to maintain a prudent level of financial resources and provide cost-effective, efficient public services through a stable rate structure and gradual rate increases;

WHEREAS, the District must be prepared for larger-scale regional investments that help to secure water resources within its service area;

WHEREAS, the District must be prepared for sudden emergencies and unexpected costs; and,

WHEREAS, the Board of Trustees desires to adopt a reasonable and sound reserve policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Mendocino County Russian River Flood Control and Water Conservation Improvement District that:

1. The District does not maintain a depreciation schedule of fixed assets. Capital Reserve based on depreciation alone is typically insufficient to fund replacement of equipment, infrastructure, and facilities. Therefore, this Reserves Policy establishes a contribution factor to offset depreciation of its fixed assets. The District shall incorporate this contribution factor into its rate structure, expressed as a percentage of both the fixed asset value and the annual operating expense budget to generate revenues specifically for Capital Reserve.

2. The District does not have a firm value to determine a contribution factor for Water Supply Reliability Reserve. Therefore, this Reserves Policy establishes that when revenue deposits exceed the account limits specified in District Policy #18-01, those exceedances will be deposited into Water Supply Reliability Reserve.

3. The goal of the District is to maintain reserves at a level that equals or exceeds the sum of the following components:

a. OPERATING RESERVE:

Purpose: This amount is intended to mitigate funding six months of operating expenses.

Limit: 50 percent of the annual operating expense budget

b. CAPITAL RESERVE:

Purpose: This amount is intended to replace existing assets and fund future capital projects.

Limit: 15 percent of fixed assets plus 10 percent of the annual operating expense budget

c. EMERGENCY RESERVE:

Purpose: This amount is intended to be protection against catastrophic loss and to provide a cushion for inaccuracy in long range planning.

Limit: 25 percent of the value of fixed assets

d. WATER SUPPLY RELIABILITY RESERVE:

Purpose: Reserves set aside for the specific purpose of securing/purchasing water supply and/or infrastructure for storage or supply distribution.

Limit: The costs associated with the District's share of these expenses could be as high as \$100 million. However, in order to initiate a prudent policy direction, the limit of this reserve shall not exceed \$20 million without further agreement on specific project participation and reserve assignment.

4. All reserves will be segregated from operating funds and each shall be maintained in accordance with District Policy #18-01 and as follows:

a. The checking account will be maintained at a balance below the \$250,000 Federal Deposit Insurance Corporation limit.


b. The savings account will maintain a balance of approximately \$50,000.

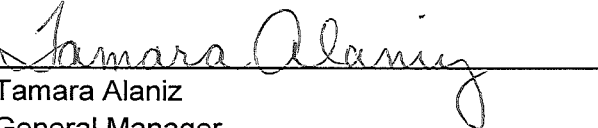
c. Any and all overages will be directed by wire transfer to the District Local Agency Investment Fund (LAIF) account.

d. Reserves will be managed in the LAIF account and segregated by reserve fund in the District's financial accounting.

HEREBY PASSED AND ADOPTED by the Board of Trustees of the Mendocino County Russian River Flood Control and Water Conservation Improvement District this 6th day of August, 2018 and as approved by the following roll call vote:

Matthew Froneberger	<input checked="" type="radio"/> Yes / No / Abstain / Absent
John Reardan	Yes / No / Abstain / <input checked="" type="radio"/> Absent
Tyler Rodrigue	<input checked="" type="radio"/> Yes / No / Abstain / Absent
Alfred White	<input checked="" type="radio"/> Yes / No / Abstain / Absent
William Carson	<input checked="" type="radio"/> Yes / No / Abstain / Absent

Signed: 
Matthew Froneberger
President

Attest: 
Tamara Alaniz
General Manager

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

POLICY #18-01

**A POLICY OF THE BOARD OF TRUSTEES OF MCRRFC & WCID
ON BANK ACCOUNT LIMITS AND INVESTMENT OPTIONS**

WHEREAS, the Board has the authority to set forth policies and restrictions on the manner of District financial management;

WHEREAS, it is in the best interest of this District to manage finances in the most appropriate and beneficial way;

WHEREAS, the Financial Committee has met and developed a recommendation for bank account limits and investment options; and,

WHEREAS, the Board of Trustees has directed staff to develop a consistent approach to managing District finances.

THEREFORE, it is the policy of the Board of Trustees of MCRRFC & WCID, from date of enactment until changed, amended or cancelled, as follows:


1. When the Savings Bank of Mendocino County (SBMC) Checking Account exceeds the \$250,000 Federal Deposit Insurance Corporation (FDIC) limit, funds over and above the \$250,000 balance shall be transferred into the Savings Account.
2. When the SBMC Savings Account exceeds \$250,000, funds shall be transferred into the Local Agency Investment Fund (LAIF) Account, reducing the Savings Account balance to \$50,000.
3. The balance of the Savings Account should remain at or near \$50,000, excepting those times of year when the District is collecting and accruing water revenues, where the balance may increase up to \$250,000.

ADOPTED 5th of March, 2018 by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District.

Matthew Froneberger
John Reardan
Tyler Rodrigue
Alfred White
William Carson

Yes / No / Abstain / Absent
 Yes / No / Abstain / Absent
 Yes / No / Abstain / Absent
 Yes / No / Abstain / Absent
 Yes / No / Abstain / Absent

Signed:


Matthew Froneberger
President

Attest:


Tamara Alaniz
General Manager

From the Uniform Water Supply & Purchase Agreement:

6.1. **Price.** Customer shall pay District for all Project Water made available to Customer each Year, but not less than the Contract Quantity, at the per acre foot rate determined annually by the District, subject to the Ordinance, in addition to other fees set forth in District Enactments.

From Ordinance #00-01:

ARTICLE 6: PRICING

6.10 **Price Schedule.** The Board shall, by resolution, fix the price per unit at which water will be sold to each Customer of the District on an annual basis. Such price shall reflect all costs and out-of-pocket expenses directly incurred by the District in delivering water for sale to the Service Connection of each Customer. The District's costs shall include the actual cost per acre foot to (a) obtain water from its sources in California; (b) convey the water to each Customer Service Connection; (c) pay any required fees and costs for water supply and conveyance to each Customer Service Connection; (d) pay any costs of environmental review; (e) pay any conveyance cost of the water supplied to each Customer including costs of electrical power; (f) pay the principal and interest on any bonded debt for capital improvements and any bond redemption costs; (g) pay ordinary administration and maintenance expenses of the District; (h) pay the cost of construction of new capital improvements; (i) pay the cost of maintenance and operation of all capital improvements; (j) set aside funds for the funding of a prudent reserve.

6.15 **Other Fees.** By resolution the Board shall fix the amount of the following fees applicable to Customers who have entered into a Water Sale and Purchase Agreement with the District:

- A. Charge to reseal meter
- B. Charge to test or witness meter test
- C. Return check charges
- D. Late payment charge for failure to pay contract payments and other fees in a timely manner
- E. Charge for unauthorized meter use
- F. Application fee
- G. Deposit regarding execution of Water Sale & Purchase Agreement
- H. Reconnect fees
- I. Penalties and collection charges

6.20 **Modification of Price Schedule.** By resolution the Board may amend, alter, modify, increase, or decrease any fees provided for in Section 6.15 above. The price schedule applicable to any particular Water Sale and Purchase Agreement between the District and any Customer is subject to change during the term of the Agreement only by mutual agreement of the Parties. However, the District reserves the right to alter its pricing schedule on an annual basis so as to include all of the District's costs incurred in providing water supply to its Customers.