



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **February 7, 2019**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager 

SUBJECT: Review and Possible Action Concerning Sewer Authority Mid-Coastside FY 18-19 Budget Amendment.

At the January 28 meeting the Sewer Authority Mid-Coastside (SAM) approved a budget amendment for the distribution to the member agencies. SAM is asking for an additional \$328,000 (5.4% budget increase) to this current year's budget. MWSD's share is \$67,568. The majority of the items on the list were already approved for use by the SAM board.

Additional Legal Services for ERF lawsuit, etc.	\$100,000
Legal counsel for ERF lawsuit, etc.	\$100,000
Accounting Services	\$60,000
Fire control Panel, Sprinklers, etc.	\$68,000

RECOMMENDATION:

Adopt Resolution No.____, Resolution of the Montara Water and Sanitary District Consenting to Approval of Amendment to Sewer Authority Mid-Coastside General Budget for Fiscal Year 2018-2019.

Attachments

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL OF AMENDMENT TO SEWER AUTHORITY MID-COASTSIDE GENERAL BUDGET FOR FISCAL YEAR 2018-2019

WHEREAS, Sewer Authority Mid-Coastside (“SAM”) has, pursuant to Article V, Section (A) of the joint exercise of powers agreement dated February 3, 1976, as amended, establishing said Authority, adopted its General Budget for fiscal year July 1, 2018 – June 30, 2019; and

WHEREAS, subsequent to adoption of the budget SAM has incurred expenditures for work, materials and services unknown and unanticipated at the time of adoption of the budget (“Additional Costs”); and

WHEREAS, the Additional Costs are identified and discussed in the Staff Report dated *January 28, 2019* from SAM’s General Manager to the Board of Directors of the Sewer Authority Mid-Coastside, the subject of which is “Authorize the General Manager to Submit a Budget Amendment for Fiscal Year 2018/19 to Member Agencies for Approval”, a copy of which is on file in the District’s Administrative Offices to which reference is hereby made for the full particulars thereof; and

WHEREAS, this Board has reviewed the proposed amendment and desires to signify approval thereof;

NOW THEREFORE, be it resolved by the Board of the Montara Water and Sanitary District, a public agency in the County of San Mateo, California, as follows:

1. Consent is hereby given to approval by Sewer Authority Mid-Coastside of an amendment to its General Budget for fiscal year 2018-2019 that includes the line-item expenditures for Additional Costs set forth as “Attachment A” in the attachment to the above-referenced memorandum in the total amount of Three Hundred Twenty Eighty Thousand and No One-Hundredths Dollars (\$328,000.00).

2. The District Secretary is hereby authorized and directed to transmit a certified copy of this resolution to Sewer Authority Mid-Coastside, the Granada Community Services District and the City of Half Moon Bay.

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT
CONSENTING TO APPROVAL OF AMENDMENT TO SEWER AUTHORITY
MID-COASTSIDE GENERAL BUDGET FOR FISCAL YEAR 2018-2019**

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly passed and adopted by the Board of the Montara Water and Sanitary District, County of San Mateo, California, at a Regular Meeting thereof held on the 7th day of February, 2019, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



SEWER AUTHORITY MID-COASTSIDE

Staff Report

TO: Honorable Board of Directors

FROM: Beverli A. Marshall, General Manager

SUBJECT: **Authorize the General Manager to Submit a Budget Amendment for Fiscal Year 2018/19 to Member Agencies for Approval**

Executive Summary

The purpose of this report is for the Board of Directors to discuss the proposed budget amendment for Fiscal Year 2018/19.

Fiscal Impact

The fiscal impact of the budget amendment for FY 2018/19 is \$328,000. The impact to the member agency assessments is (rounded to nearest \$):

JPA Assessments for Each Member Agency

	<u>FY 2018/19</u>	<u>Amended</u>	<u>\$ Change</u>	<u>% Change</u>
Half Moon Bay	\$3,360,430	\$3,542,142	\$ 181,712	5.4%
GCSD	\$1,454,171	\$1,532,891	\$ 78,720	5.4%
MWSD	\$1,249,147	\$1,316,715	\$ 67,568	5.4%
Total	\$6,063,748	\$6,391,748	\$ 328,000	5.4%

Strategic Plan Compliance

The recommendation complies with the SAM Strategic Plan Goal 3: *“Consider long-term costs and ensure that finances are stable and understandable by the board, member agencies, and the public.”*

BOARD MEMBERS:	J. Blanchard	B. Dye	R. Lohman
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	M. Clark	A. Eisen
	J. Harvey	H. Rarback	

Background and Discussion/Report

The General Budget for FY 2018/19 was presented based on the issues known as of June 2018. Since that time, several events (listed below) occurred that required funds above the adopted budget.

Additional legal services for ERF lawsuit and special projects	\$100,000
Legal counsel for ERF lawsuit and special projects	\$100,000
Accounting services in response to Auditor’s comments	\$60,000
Fire control panel replacement and related permits	\$30,000
Inspection and installation of fire sprinkler system	\$23,000
Electrical work related to fire control system replacement	<u>\$15,000</u>
	\$328,000

- At the October 22, 2018, meeting the SAM Board approved a contract with Edgcomb Law Group LLP to represent SAM in response to the federal lawsuit filed by the Ecological Rights Foundation (ERF).
- At the January 14, 2019, meeting the SAM Board approved a contract term extension and increase to the contract with Bold, Polisner, Madow, Nelson & Judson through June 30, 2019. The additional contract costs are estimated at \$100,000 to cover assistance with the ERF lawsuit and special projects requested by the Board.
- The comments made by the auditor in the FYE June 30, 2017, financial statements reflected the need for high level accounting services to supplement staff resources. At the October 22, 2018, meeting the SAM Board approved a contract with Maze & Associates to provide these services through December 31, 2019. The estimated cost for FY 2018/19 is \$60,000.
- The existing fire control system sends out false alarms requiring the fire district and SAM staff to respond. Additionally, it was determined that the current system does not meet current code. Therefore, the necessary parts and services were procured to resolve the false alarms and to update the system to code. These are yet to be installed for which we are waiting on a proposal.

Sufficient cash reserves continues to be an issue. As recommended by the auditor, staff included \$250,000 in the FY 2018/19 Adopted Budget to repay the Emergency Project Reserve. Unfortunately, the additional funding is not sufficient to cover the unplanned expenses that have occurred subsequent to budget adoption. In addition, if these funds were to be applied to the unexpected expenses, the Emergency Project Reserve would

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show no improvement from when the auditor reviewed the financial statements last fiscal year.

If this budget amendment is authorized by the SAM Board, the General Manager will submit the request to the member agencies for their consideration. If approved by the member agencies, the applicable assessments will be billed in a single invoice to each agency within 30 days of their approval.

Staff Recommendation

Staff recommends that the Board of Directors authorize the General Manager to submit the budget amendment for FY 2018/19 to the member agencies and to request that this item be placed on the next regular meeting for each agency to consider and approve.

Supporting Documents

Attachment A: FY 2018/19 Mid-Year Budget Amendment Request

BOARD MEMBERS:	J. Blanchard	B. Dye	R. Lohman
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FY 2018/19 Mid-Year Budget Amendment Request

Item #	Amount	Description	Justification	SAM Board Approval	JPA Allocations		
					HMB	GCS D	MWSD
1	\$ 100,000	Contract with Edgcomb Law Group LLP for EFR lawsuit	Budget did not include funds for the additional services needed for the ERF lawsuit	10/22/18	\$ 55,400	\$ 24,000	\$ 20,600
2	\$ 100,000	Additional legal services for ERF lawsuit and special projects	Budget did not include funds for the additional services in response to SAM Board action	1/14/19	\$ 55,400	\$ 24,000	\$ 20,600
3	\$ 60,000	Accounting services performed by Maze & Assoc.	Conform with auditor's recommendations for FYE 6/30/17	10/22/18	\$ 33,240	\$ 14,400	\$ 12,360
4	\$ 30,000	PO to Johnson Controls for parts, labor, and permits for fire control panel	Unanticipated costs to replace failing fire control system		\$ 16,620	\$ 7,200	\$ 6,180
5	\$ 23,000	PO to Walschon Fire Protection Inc. to inspect and install fire sprinkler system	Unanticipated costs to replace failing fire control system		\$ 12,742	\$ 5,520	\$ 4,738
6	\$ 15,000	PO to Calcon Systems Inc. for electrical work related to fire control panel	Unanticipated costs to replace failing fire control system		\$ 8,310	\$ 3,600	\$ 3,090
\$ 328,000					\$ 181,712	\$ 78,720	\$ 67,568