



# STANISLAUS REGIONAL WATER AUTHORITY

## BOARD MEETING

Thursday, May 28, 2015

2:00 p.m.

City of Modesto  
1010 10<sup>th</sup> Street, 4th Floor, Room 4601  
Modesto, CA  
Modesto, California

## AGENDA

- I. Call to Order
- II. Public Comments
- III. Consent Calendar (Action Item)
  - a. Approval of Minutes for March 26, 2014 Board Meeting
- IV. General Manager's Report
- V. Finance Director's Report
- VI. Written Communications
- VII. Unfinished Business
  - a. Review of TID Water Sales Agreement Draft 4 (Action Item)
- VIII. New Business
  - a. 2015/16 Budget Review/Adoption (Action Item)
- IX. Matters Too Late for the Agenda
- X. Board Comments
- XI. Items for Next Agenda
- XII. Adjournment

Posted pursuant to Government Code Section 54956 on the bulletin board at Tenth Street

Place on \_\_\_\_\_ at \_\_\_\_\_ by \_\_\_\_\_  
date time signature



# STANISLAUS REGIONAL WATER AUTHORITY

## SRWA Governing Board Meeting Minutes

March 26, 2015

The Stanislaus Regional Water Authority (SRWA) Governing Board met Thursday, March 26, 2015, at City of Modesto, 1010 10<sup>th</sup> Street, 2<sup>nd</sup> Floor Conference Room 2001, Modesto, California.

Directors Present: Chris Vierra (Ceres), Bill Zoslocki (Modesto), Gary Soiseth (Turlock)

Staff Present: SRWA: Steve Stroud, Rolly Stevens, Judy Rosa

Ceres: Michael Brinton, Toby Wells

Modesto: Larry Parlin, Will Wong, Thomas Hedegard, Leslie Vaughn,

Turlock: Michael Cooke, Garner Reynolds

Others Present: Jeff Black – Black Water, Lyndel Melton - RMC

- I. Call to Order - The meeting was called to order at 10:10 a.m.
- II. Public Comments – None
- III. Consent Calendar
  - a. Approval of Minutes – It was moved by Director Bill Zoslocki, seconded by Chair Chris Vierra, with Vice Chair Gary Soiseth abstaining, and carried to approve the minutes of the February 26, 2015 Board meeting.
- IV. General Manager's Report – Steve advised that he made contact with Keyes Community Services District and that they are not interested in joining the SRWA at this time. He was not able to make contact with anyone from Denair yet.
- V. Finance Director's Report – Thomas Hedegard gave an update on the current expenditures related to consultant costs.
- VI. Written Communications – None
- VII. Unfinished Business –
  - a. TID Negotiations Update – Michael Cooke stated that the three city representatives met and determined that the last version of the draft water sales agreement from TID should be marked up and returned to them, and that the issue of offset water should be taken off the table. It was also decided that the issues between the City of Turlock and TID over recycled water and local use should be dealt with independently from the SRWA. The final decision was that the deal with Oakdale Irrigation District (OID) should be pursued to see if this is a viable alternative.

Based on Michael's conversation with Tou Her, TID's representative, TID is not in favor of any deal with SRWA that does not include offset water. Michael also stated that initially when TID requested offset water they were interested in pumped groundwater, but more recently their focus is only on recycled water. Chair Vierra stated that Ceres does not have any offset water to offer. Vice Chair Soiseth recommended that a portfolio of what is available from each city be presented to TID, showing that the recycled water has already been committed.

Toby Wells (Ceres) stated that three or four years ago, the cities collectively paid TID about \$9 million for work on the plant project, which included preliminary



design work and the infrastructure that is currently in place, and there was no mention of offset water at that time. The bar keeps changing, and there is nothing to show for it. Toby stated that the cities don't have the supply of offset water that TID is looking for.

Chair Vierra restated that this JPA was formed to build a water treatment plant and buy raw water to treat and be used by each of the jurisdictions. He stated that we should look at the other alternatives and see if any are viable, and not just continue on with TID.

Larry Parlin (Modesto) stated that Modesto has already committed its recycled water and is not willing to offer any offset water to TID. Chair Vierra stated he is okay with supplying TID with what the cities have available in offset water (Turlock and Ceres only), with a caveat that these amounts will need to be approved by each of the jurisdiction's Councils.

There was much discussion on whether a dollar amount per acre foot should be included in the draft agreement. There was concern that if a number was stated, it would be set. Michael Cooke stated that from the City of Turlock's perspective, if the deal can be made with offset water, why offer TID a dollar amount that could be four times more also.

It was decided that Toby Wells from the City of Ceres and Michael Cooke from the City of Turlock would meet with TID staff to discuss the amount of offset water available from Turlock, and whether increasing the dollar amount for raw water will be acceptable. They will then report back at April's Board Meeting.

- VIII. New Business – None
- IX. Matters Too Late for the Agenda – None
- X. Board Comments – None
- XI. Items for Next Agenda –
  - a. Final Direction on TID Negotiations
  - b. Potential Direction on OID
- XII. Adjournment – The meeting adjourned at 11:23 a.m.



# STANISLAUS REGIONAL WATER AUTHORITY

---

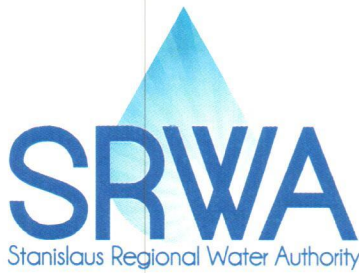
**DATE:** May 20, 2015  
**TO:** SRWA Board  
**FROM:** Gloriette Genereux, Finance Director  
**SUBJECT:** Finance Director's Quarterly Report

The purpose of the monthly Finance Director's report is to keep the SRWA Governing Board fully informed of SRWA financial activities. This reporting period covers through the 3<sup>rd</sup> quarter of fiscal year 2015.

**JPA - Stanislaus Regional Water Authority  
Fund Operating Revenues and Expenses  
Fiscal Year 2014-2015**

<b>Revenue</b>	<b>Sep-14 Qtr.1</b>	<b>Dec-14 Qtr.2</b>	<b>Mar-15 Qtr.3</b>	<b>Jun-15 Qtr.4</b>	<b>YTD</b>	<b>Budget</b>
City of Ceres (22%)	\$ 17,529	\$ 20,959	\$ 1,897	\$ -	\$ 40,384	\$ 288,162
City of Modesto (22%)	\$ 17,529	\$ 20,959	\$ 1,897	\$ -	\$ 40,384	\$ 288,162
City of Turlock (56%)	\$ 44,619	\$ 53,349	\$ 4,829	\$ -	\$ 102,797	\$ 733,503
<b>Total Revenue</b>	<b>\$ 79,677</b>	<b>\$ 95,267</b>	<b>\$ 8,623</b>	<b>\$ -</b>	<b>\$ 183,566</b>	<b>\$ 1,309,827</b>
<b>Expense</b>	<b>Sep-14 Qtr.1</b>	<b>Dec-14 Qtr.2</b>	<b>Mar-15 Qtr.3</b>	<b>Jun-15 Qtr.4</b>	<b>YTD</b>	<b>Budget</b>
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Training Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Business Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Professional Expenses	\$ 71,688	\$ 89,361	\$ 1,923	\$ -	\$ 162,972	\$ 1,248,000
Intergovernmental Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000
City of Modesto Services	\$ 7,988	\$ 5,905	\$ 6,700	\$ -	\$ 20,593	\$ 44,827
<b>Total Expenses</b>	<b>\$ 79,677</b>	<b>\$ 95,267</b>	<b>\$ 8,623</b>	<b>\$ -</b>	<b>\$ 183,566</b>	<b>\$ 1,309,827</b>





# STANISLAUS REGIONAL WATER AUTHORITY

**DATE:** May 28, 2015  
**TO:** SRWA Board  
**FROM:** Steve Stroud, General Manager  
**SUBJECT:** General Manager's Report

I am pleased to present the SRWA Governing Board with the General Manager's Report. The purpose of this Report is to keep the SRWA Board fully informed of SRWA activities and progress in key areas. Each report is posted on the SRWA website to facilitate public access.

#### **Technical Advisory Committee (TAC) Activities**

No TAC meetings during this period.

#### **Financial**

No significant changes during this period.

#### **Professional Services**

No consulting services during this period.

#### **Turlock Irrigation District Update**

No formal meetings, but some informal discussions have occurred, seeking to find ways to move forward.

#### **Oakdale Irrigation District**

As of May 19, 2015, SFPUC has not yet responded to questions posed by Oakdale Irrigation District (OID), asking for clarification of SFPUC's expressed interest in collaborating with OID. But SFPUC is "planning to address" OID's specific questions.

I repeated SRWA's interest in discussing possible water supply issues with OID. While this is a dry water year, we should use the time to address common interests.

#### **Public Outreach Activities**

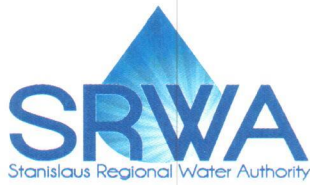
Aside from normal postings on the SRWA website, there was no activity during this reporting period.

#### **Legislative & Regulatory Update**

No Legislative activity during this reporting period.

#### **Other Topics**

None.



# STANISLAUS REGIONAL WATER AUTHORITY

---

## ACTION AGENDA SUMMARY

**AGENDA DATE:** May 28, 2015

**BOARD AGENDA Item #:** VII.a.

**Subject:**

**Review of TID Water Sales Agreement Draft 4**

**Recommendation:**

Provide direction to staff for a formal response to TID Draft #4 on the issue of offset water.

**Fiscal Impact:**

SRWA will incur obligations if/when a water supply agreement with Turlock Irrigation District (TID) is approved by both parties. The cost of meeting offset water conditions could be significant, but there is no specific fiscal impact from this offset water decision. Fiscal impacts can best be estimated when remaining issues on the water supply agreement can be resolved.

**Discussion:**

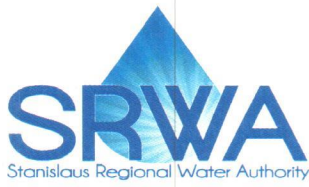
Progress of negotiation of a water supply agreement with TID now seems to hinge on the issue of offset water. TID continues to “require” SRWA to provide offset water to TID during any water year that TID customers receive less than a full (48”) water allocation. Typically, this would occur whenever annual precipitation, combined with insufficient carryover of stored water, produces a shortfall. Offset water should help to assure existing TID customers that the SRWA impact on agricultural (ag) allocations will be softened.

In past weeks, TID has apparently softened its position from accepting only SRWA offset water that is tertiary-treated wastewater to tertiary-treated wastewater and other sources, likely offline City wells. We believe this softening is due to Modesto’s and Turlock’s prior commitments to the North Valley Regional Recycled Water Program (NVRWP).

Although Modesto has stated it has no tertiary water available, Turlock has indicated it would be able to provide 2,000 acre feet (AF) of tertiary-treated wastewater annually, without jeopardizing the NVRWP. An example illustrates the effect of this change:

In a dry year with a 25% reduction in water allocation, TID would provide the SRWA with 22,500 AF of transfer water (25% less than the SRWA request). The offset water required from SRWA would be twice the percentage of shortfall (50%) of the transfer water. In this example, the offset water required would be 11,250 AF, delivered during the ag irrigation season. The City of Turlock, on behalf of the SRWA, would provide TID with 2,000 AF of recycled water and the SRWA cities would provide the remaining amount of 9,250 AF from other water sources.

Needless to say, there would need to be an equitable cost allocation between SRWA cities to meet the offset water requirement. While significant, the SRWA Project may not be viable without committing to at least some offset water.



# STANISLAUS REGIONAL WATER AUTHORITY

---

There are a number of other issues, such as length of the initial and renewal terms of the agreement, water for the Project's Phase 2, anticipation of future regulatory actions, etc., but these can best be dealt with when the offset water issue is resolved.

We believe a formal response to TID is needed, so staff is looking to the Board for direction on the offset water issue:

1. Is the concept of offset water acceptable?
2. Is twice the percentage shortfall a reasonable offset?

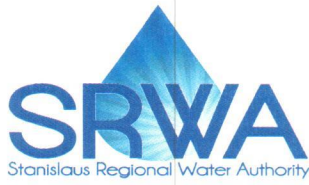
Prepared by:

\_\_\_\_\_  
Steve Stroud, Interim General Manager

Approved by:

\_\_\_\_\_  
Steve Stroud, Interim General Manager





# STANISLAUS REGIONAL WATER AUTHORITY

---

There are a number of other issues, such as length of the initial and renewal terms of the agreement, water for the Project's Phase 2, anticipation of future regulatory actions, etc., but these can best be dealt with when the offset water issue is resolved.

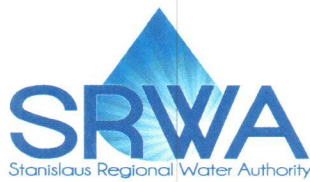
We believe a formal response to TID is needed, so staff is looking to the Board for direction on the offset water issue:

1. Is the concept of offset water acceptable?
2. Is twice the percentage shortfall a reasonable offset?

Prepared by:

A handwritten signature in black ink that reads 'Steve M. Stroud'.

Steve Stroud, Interim General Manager



# STANISLAUS REGIONAL WATER AUTHORITY

## ACTION AGENDA SUMMARY

**AGENDA DATE:** May 28, 2015

**BOARD AGENDA Item #:** VIII.a.

**Subject:**

**Budget for Fiscal Year 2015/16**

**Recommendation:**

Consider adopting an SRWA Budget for FY 2015-16.

**Fiscal Impact:**

The proposed FY 2015-16 budget could range from \$ 92,730 to \$ 1,271,027. The cost allocation for each SRWA member city is based on the proportional Phase 1 share of future delivered water to each of the three participating cities (Ceres, Modesto, and Turlock).

**Option A:**

<b>Agency</b>	<b>Proportional Share</b>	<b>FY 15-16 Budget</b>
Ceres	22%	\$ 20,401
Modesto	22%	\$ 20,401
Turlock	56%	\$ 51,929
Total	100%	\$ 92,730

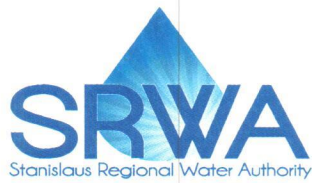
**Option B:**

<b>Agency</b>	<b>Proportional Share</b>	<b>FY 15-16 Budget</b>
Ceres	22%	\$ 279,626
Modesto	22%	\$ 279,626
Turlock	56%	\$ 711,775
Total	100%	\$ 1,271,027

**Option C:**

<b>Agency</b>	<b>Proportional Share</b>	<b>FY 15-16 Budget</b>
Ceres	22%	\$ 140,624
Modesto	22%	\$ 140,624
Turlock	56%	\$ 357,952
Total	100%	\$ 639,200

Cities will be invoiced, or billed, by the SRWA when SRWA pays for the goods and services.



# STANISLAUS REGIONAL WATER AUTHORITY

---

## **Discussion:**

The budget is a tool for implementing a work program. Unfortunately, we do not have a predictable, ongoing operation, so budgeting is more of a challenge.

The current budget was based on the last SRWA Board-approved Work Plan, which assumed that we would implement the Surface Water Supply Project with TID on a Fast-track schedule. That hasn't happened and, with the continuing drought, doesn't look promising any time soon.

The OID water supply alternative is expected to become clearer in the near future, but just what that would mean, financially, is not clear. The cost would likely be less than the TID Fast-track model.

A pessimistic view suggests that we will not be able to get an adequate commitment for raw water supply during FY 15/16 sufficient to permit proceeding with the Project. So, **Option A** is a minimalist work plan that assumes routine staffing, legal, and accounting/audit costs plus a \$ 28,000 placeholder for unspecified professional services. Option A yields a \$ 92,730 budget.

**Option B** is essentially the current year budget (fast track, TID surface water supply alternative) pushed back another year. Option B yields a \$ 1,271,027 budget.

**Option C** essentially splits the difference between Option A and Option B, yielding a \$ 639,200 budget, including a \$ 580,000 placeholder for unspecified professional services.

Staff looks to the Board to select the FY 2015/16 budget that best fits need.

Prepared by:

A handwritten signature in black ink that reads 'Steve W. Stroud'.

Steve Stroud, Interim General Manager

Attachments:

- 1 – Proposed FY 2015/16 Budget Proforma (Option A)
- 2 – Proposed FY 2015/16 Budget Proforma (Option B)
- 3 – Proposed FY 2015/16 Budget Proforma (Option C)





## Recommended - FY 2015/16 Budget (Option A)

### Drought Delay Schedule

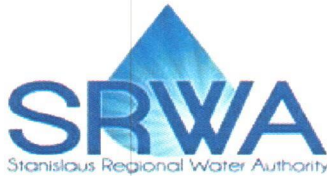
SRWA Fund (6301)			Proposed	Projected	Projected	
City	FY ->>		2015/16	2016/17	2017/18	3 Year Total
Ceres	22.0%	\$	20,401	\$ 324,830	\$ 1,487,640	\$ 1,832,871
Modesto	22.0%	\$	20,401	\$ 324,830	\$ 1,487,640	\$ 1,832,871
Turlock	56.0%	\$	51,929	\$ 826,840	\$ 3,786,720	\$ 4,665,489
Total Revenue		\$	92,730	\$ 1,476,500	\$ 6,762,000	\$ 8,331,230

### Operating Expenses

						3 Year Total
52010	Office Supplies	\$	200	\$ 10,000	\$ 15,000	\$ 25,200
53025	Training Expenses	\$	1,000	\$ 4,000	\$ 6,000	\$ 11,000
53030	Business Expenses	\$	500	\$ 44,000	\$ 135,000	\$ 179,500
53300	Professional Services	\$	50,000	\$ 1,248,000	\$ 6,355,000	\$ 7,653,000
53450	Legal Services	\$	9,000	\$ 15,000	\$ 20,000	\$ 44,000
53503	Intgov Services Local	\$	-	\$ 20,000	\$ 30,000	\$ 50,000
54500	Svcs City Interfund	\$	32,000	\$ 135,000	\$ 200,000	\$ 367,000
58010	Postage/Mailing	\$	30	\$ 500	\$ 1,000	\$ 1,530
Total Operating Expenses		\$	92,730	\$ 1,476,500	\$ 6,762,000	\$ 8,331,230

### Phase 1 Allocation

City	MGD	JPA Split	
Ceres	6.0	22%	2015/16 Includes Stevens contract (\$22,000) and unspecified professional services (\$28,000)
Modesto	6.0	22%	In-house attorney services
Turlock	15.0	56%	Stroud, Rosa, Finance staff time
	27.0	100.0%	Mail Services



## Recommended - FY 2015/16 Budget (Option B)

### Compressed (Expedient) Schedule

SRWA Fund (6301)			Proposed	Projected	Projected	
City	FY -->		2015/16	2016/17	2017/18	3 Year Total
Ceres	22.0%	\$	279,626	\$ 1,458,050	\$ 2,288,880	\$ 4,026,556
Modesto	22.0%	\$	279,626	\$ 1,458,050	\$ 2,288,880	\$ 4,026,556
Turlock	56.0%	\$	711,775	\$ 3,711,400	\$ 5,826,240	\$ 10,249,415
Total Revenue		\$	1,271,027	\$ 6,627,500	\$ 10,404,000	\$ 18,302,527

Operating Expenses						3 Year Total
52010	Office Supplies	\$	2,500	\$ 10,000	\$ 12,000	\$ 24,500
53025	Training Expenses	\$	2,000	\$ 4,000	\$ 6,000	\$ 12,000
53030	Business Expenses	\$	2,500	\$ 44,000	\$ 135,000	\$ 181,500
53300	Professional Services	\$	1,200,000	\$ 6,399,000	\$ 10,050,000	\$ 17,649,000
53450	Legal Services	\$	9,000	\$ 15,000	\$ 20,000	\$ 44,000
53503	Intgov Services Local	\$	10,000	\$ 20,000	\$ 30,000	\$ 60,000
54500	Svcs City Interfund	\$	44,827	\$ 135,000	\$ 150,000	\$ 329,827
58010	Postage/Mailing	\$	200	\$ 500	\$ 1,000	\$ 1,700
Total Operating Expenses		\$	1,271,027	\$ 6,627,500	\$ 10,404,000	\$ 18,302,527

### Phase 1 Allocation

City	MGD	JPA Split
Ceres	6.0	22%
Modesto	6.0	22%
Turlock	15.0	56%
	27.0	100.0%



## Recommended - FY 2015/16 Budget (Option C)

### Midpoint

SRWA Fund (6301)	City	FY -->	Proposed 2015/16	Projected 2016/17	Projected 2017/18	3 Year Total
	<b>Ceres</b>	22.0%	\$ 140,624	\$ 324,830	\$ 1,487,640	\$ 1,953,094
	<b>Modesto</b>	22.0%	\$ 140,624	\$ 324,830	\$ 1,487,640	\$ 1,953,094
	<b>Turlock</b>	56.0%	\$ 357,952	\$ 826,840	\$ 3,786,720	\$ 4,971,512
<b>Total Revenue</b>			<b>\$ 639,200</b>	<b>\$ 1,476,500</b>	<b>\$ 6,762,000</b>	<b>\$ 8,877,700</b>

### Operating Expenses

						3 Year Total	
52010	Office Supplies	\$	2,000	\$	10,000	\$ 15,000	\$ 27,000
53025	Training Expenses	\$	2,000	\$	4,000	\$ 6,000	\$ 12,000
53030	Business Expenses	\$	2,000	\$	44,000	\$ 135,000	\$ 181,000
53300	Professional Services	\$	580,000	\$	1,248,000	\$ 6,355,000	\$ 8,183,000
53450	Legal Services	\$	9,000	\$	15,000	\$ 20,000	\$ 44,000
53503	Intgov Services Local	\$	-	\$	20,000	\$ 30,000	\$ 50,000
54500	Svcs City Interfund	\$	44,000	\$	135,000	\$ 200,000	\$ 379,000
58010	Postage/Mailing	\$	200	\$	500	\$ 1,000	\$ 1,700
<b>Total Operating Expenses</b>			<b>\$ 639,200</b>	<b>\$ 1,476,500</b>	<b>\$ 6,762,000</b>	<b>\$ 8,877,700</b>	

### Phase 1 Allocation

City	MGD	JPA Split
<b>Ceres</b>	6.0	22%
<b>Modesto</b>	6.0	22%
<b>Turlock</b>	15.0	56%
	27.0	100.0%