

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

STAFF REPORT

To: Board of Trustees
From: E. Salomone, General Manager
Meeting: Monday, November 7, 2022
RE: Agenda Item 6: Budgeting for Strategic Plan Implementation

The Strategic Plan sets priorities that are essential to the District's Mission, provides a framework for decision making, and guides resources to achieve these priorities. This agenda item supports Priority 5, Goal 4: Administration, Sound and sustainable management of District finances.

Background

The Strategic Plan guides District leadership to budget for implementation of agreed upon priorities and goals. During the Fiscal Year 2022/23 budget development, the Board considered a report from the GM on increases to the annual price per acre foot of Project Water. The current price of Project Water is \$47.00 per acre foot, which has been in place since 2009 when it was raised from \$23.00 per acre foot. The GM and Treasurer proposed that any increase in price be steady and predictable to allow customers ample planning.

The Board considered the report and concluded that a Strategic Plan update was required to inform potential rate increases. The Board adopted the Updated Strategic Plan for 2023-2025 on September 12, 2022 with direction to the General Manager to begin implementation immediately. The Strategic Plan and Annual Action Plan can be found on the District's website: <https://www.rrfc.net/strategic-planning>.

Revenue

District revenue is approximately 12% property tax income, 1% interest income, and the remainder in contracted and surplus water sales combined. At the time of adopting the FY 2022-23 Budget, the amount of water under contract was 7,424 af, equating to \$348,935 in anticipated water sales revenue. In recent years, Redwood Valley County Water District (RVCWD) has purchased uncontracted water and additional surplus water when it is available. Between 2009 and 2020, RVCWD's average use was 1,000 af at an average price of \$40 per acre foot, averaging \$36,400 annually in surplus sales. It is expected that average annual sale of surplus water to RVCWD will drop due to water supply challenges, though RRFC is taking steps to ensure maximized surplus water availability.

Budget Development

The next step is to identify implementation actions and develop preliminary costs for these actions. On the following page, implementations that are anticipated to exceed the current average budget levels are bulleted below under each Priority/Goal.

Recommended Action

Board to review and discuss the identified implementation activities and next steps in developing preliminary costs. An Ad Hoc Committee could be created to work with the GM and consultants to prepare a recommendation.

(Continued...)

Priorities, Goals, and Proposed Implementation Cost Considerations

Implementation activities that are anticipated to exceed the current average budget levels are bulleted below under each Priority/Goal. Where none are listed, it is anticipated current staffing and budgeting levels will accommodate implementation. This is a general overview to begin discussions and identify preliminary costs.

Priority 1: Security

Goal 1: Improved river and reservoir operations.

- Engineering and legal consultation

Goal 2: Fair and reliable inter-basin diversions from the Eel River.

- Financial contribution to regional entity to support diversion water right and works.
- (Eventual cost of delivery of water)
- Legal consultation

Goal 3: Expanded water sources.

- Engineering and legal consultation to obtain water rights.
- Project Management to implement related project(s.)

Goal 4: Increased storage capacity.

- Likely linked with Goal 3.

Priority 2: Collaboration

Goal 1: Trusted relationships with community partners for regional water security.

- Groundwater Sustainability Agency: \$68,000 annually (minimum of 4 more payments)

Goal 2: Improved diversity, equity, and inclusion in the stewardship of water resources.

Goal 3: Expanded relationships with non-traditional partners and stakeholders in pursuit of enhanced Environmental Stewardship.

Priority 3: Advocacy

Goal 1: Improved public awareness and understanding of the importance of water issues.

Goal 2: State and Federal governmental policy and funding support for the region.

Priority 4: Use

Goal 1: Maximum beneficial use of water under District water right license.

- Engineering and legal consultation
- Change petition fees, CEQA costs
- LAFCo fees to create coterminous boundary and place of use

Goal 2: Strategic use of water by customers.

- Engineering and legal consultation

Priority 5: Administration

Goal 1: Capable and high quality executive leadership.

- HR consultation

Goal 2: Engaged, diverse, and knowledgeable Board leadership.

Goal 3: Effective systems and human resources to execute the strategic plan.

- Meter management consultant

Goal 4: Sound and sustainable management of District finances.

- and financial consultation