ITEM VIII. A. 2. a).
10/17/07

SEASIDE GROUNDWATER BASIN
WATERMASTER

TO: Board of Directors

FROM: Watermaster Budget and Finance Committee by Dewey D Evans

DATE: October 17, 2007

SUBJECT: Implementation of a Volunteer Financial Assessment Policy to Share the Cost of Providing Annual Administrative Support

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PURPOSE:

Allow the parties directly affected by the court judgment and represented on the Watermaster Board of Directors to voluntarily share the annual financial cost of administration of the judgment.

RECOMMENDATION:

In the interest of fiduciary fairness, the Watermaster Budget and Finance Committee recommends that the Board consider adopting a Volunteer Financial Assessment Policy for collection of a voluntary assessment from each party represented on the Board of Directors in the amount of one-thirteenth of the adopted annual administrative budgeted amount per vote allotted each party as stated in the court decision, with an annual cap of $200,000 total administrative expenses to be prorated.

DISCUSSION:

The Watermaster Budget and Finance Committee in a recent meeting discussed prorating the administrative cost of the Watermaster by appealing to each party affected by the judgment to voluntarily pay a calculated assessment based on the voting strength of each. If a member party has the equivalent of one vote out of the thirteen as specified in the judgment and the adopted annual administrative budget is, as proposed for 2008, $87,000 that party would be asked to pay one thirteenth of the $87,000 or $6,692. If a member party has ½ of a vote, that member would be asked to pay $3,346; 2 votes $13,384; 3 votes $20,076. If in the future it is necessary to spend in excess of $200,000 in any one year for administrative expenses, the current court decreed formula would continue for the amount over $200,000. If any party chooses not to voluntarily pay the assessment, the current court decreed formula would continue for the amount of that party's calculated assessment.

FISCAL IMPACT:

A minimal cost would be incurred to administer assessments with minor or no fiscal impact on administrative budgeted amounts; the policy would mainly affect the source of administrative funding.

ATTACHMENTS:

None