

# STONE REPORT

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Dear MCAR GAD,

Welcome to the "Stone Report", a publication brought to you by the Government & Community Affairs Department of the Monterey County Association of REALTORS®

## Monterey County Fees Increase

Monterey County has increased a number of fees associated with construction and permit processing, including a substantial increase to the real estate disclosure report.

Prior to July 27, 2009, the charge for a real estate disclosure report (which is optional but recommended) from the County of Monterey was \$75.00. Today, that same report will cost \$260.00.

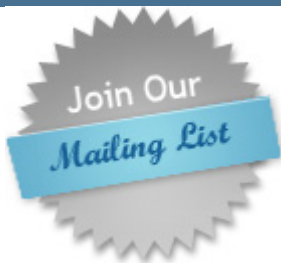
The County Building Services Department who provides this service had been operating in the red for at least five years, pulling resources from the general fund in order to balance. The new fee increases are an attempt at 100% cost recovery for the services they provide to the public, known as enterprise funding.

*(Enterprise funding for governmental activities is built upon the idea of a self-sustaining cost center operating similar to private business funding. The primary purpose of establishing the fund is to isolate all revenues and expenditures for purposes of accountability. Costs are clearly identified and recovered, and citizens can better understand the full cost associated with services rendered)*

County consultants provided staff and the Board of Supervisors with an analysis depicting the actual cost associated with performing a real estate disclosure report. The analysis included staff time and resources required to conduct the research.

In order to more accurately track expenses, a move to an enterprise fund is certainly understandable, though a jump from \$75.00 - \$260.00 is somewhat difficult to digest.

As part of the increase in fees and shift to enterprise funding, the County will perform an audit and analysis at the end of the fiscal year to determine how accurate revenue and costs were projected via the consultants report. MCAR will participate in meetings with County staff upon conclusion of the analysis to ensure the fees levied are indeed justified and whether or not an adjustment is warranted.



We will closely monitor this process and communicate with county staff regularly in an effort to ensure this truly is 100% cost recovery and not an attempt to acquire unjustified revenue.

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## Water Update

It was feared (and anticipated) by many that Monterey Peninsula residents and business owners would be facing 50 percent cutbacks in available water pumped from the Carmel River through the State Water Resources Control Board (SWRCB) Cease and Desist Order decision. Fortunately, (at least at this point) State Water Board staff has backed off of the original recommendation and has suggested the Board consider imposing smaller cutbacks, starting in the range of 5 percent and cumulatively increasing through a phased-in process over the course of many years.

The proposed order will be considered by the State Water Resources Control Board on September 2, 2009 and will most likely be adopted before October 1, 2009. There is still much confusion relating to the limits of water made available to many Monterey Peninsula communities, and the timeline associated with water commitments for new service connections.

One point is made very clear throughout the proposed order; Cal Am is violating state water law and must be put in a position to appropriately comply with the order. The true impacts of this order are yet to be fully understood by Monterey Peninsula residents, businesses and elected leadership, and the future of "committed water" to projects in the pipeline is very much in question.

Now, probably more than ever, the need for a new water supply in this region will be realized. Conservation, cutbacks and restrictions on available water may satisfy a legal order, but at what cost? The potential economic impacts are daunting to say the least.

While the news isn't good, it certainly isn't as bad as it could be. A publicly owned Regional Water Project coming online prior to mandatory reductions would have been ideal, but at this point, unrealistic. Fortunately, regional water solution efforts continue with a sense of urgency understood by the public, elected officials and the agency in charge of oversight, the California Public Utilities Commission.

We will continue to monitor this issue closely and will update the membership on specific impacts to water availability and entitlement post SWRCB decision on September 2nd. Stay tuned.

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## UPDATED HVCC Survey - Your Input is Needed!

The Monterey County Association of REALTORS® along with many other business groups across the country, are soliciting input from Consumers, Appraisers, Mortgage Professionals and REALTORS® on the new appraisal process known as "HVCC", the Home Valuation Code of Conduct. We are looking for real life examples of what you are experiencing out in the field with recent appraisals.

**Please take a few moments to fill out the survey** (7 questions) which can be accessed by clicking [here](#).

Thank you for taking the time to assist us with this very important issue.

Kevin

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*Until next time,*

Kevin Stone  
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Monterey County Association of REALTORS®